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Strikes

Nobody should be surprised at the strikes, actual and threatened, in automobiles, steel and other important industries. All during the war the unions have with difficulty restrained their memberships from exerting economic pressure to gain wage increases beyond the 15 percent sanctioned by the War Labor Board, while the cost of living was rising at least double that amount and both employers and farmers were making big profits. Now that the war is over, the cost of living shows a tendency to rise still more, while the "take-home" pay of the workers who remain employed is cut by elimination of overtime and other factors.

The lid is now off, as far as no-strike pledges are concerned. According to law, the unions must give notice to the government and take strike votes before they go out, but beyond this the leaders would be unable to restrain the long-deferred demands for better pay, even if they wanted to. In some cases, as in Kelsey Wheel, they cannot hold the rank and file in line for orderly procedure. Depend upon it, there will be strikes, and big ones, unless the employers decide to raise wage rates substantially. This is not merely a calculated campaign; it is a social explosion.

The Economics of Higher Wages

It is generally agreed that after the war the American public must consume about half again as much as before it if there is to be full employment, since before the war there were many out of jobs, and productivity has risen markedly. But people cannot buy more without more purchasing power. In the case of wage-earners, this means either higher pay or lower prices or both. Economic Stabilizer Davis has foreshadowed eventual wage increases of 50 percent above the 1941 level. Many important manufacturers contend, however, that they must now charge higher prices than in 1941, and that they cannot pay higher rates without boosting prices still more. This may be true of some, but it can scarcely be true of all, since in that case it would be theoretically impossible for Americans to buy all they can produce—an economic absurdity. It looks as if many employers were figuring their costs on the basis of too small a market.

The strikes are deplored because they interfere with the smoothness and speed of reconversion. Too many interruptions of production now would gravely upset an already unstable economic situation. This fear is justifiable, and strikes should be avoided. The opposition to strikes, however, offers no justification for the refusal of employers to avoid them by granting wage increases. The facts in each case should be carefully and impartially examined, and the authority of the government should be used in behalf of the officially sanctioned policy of high wages and low prices.

Getting Tough with Japan

General MacArthur has been getting tough with the Japanese. In a series of peremptory orders to them, he has checked their flow of propaganda, required the arrest of war criminals and cut sharply through any notion any Japanese may have had that his government had not suffered unconditional surrender.

It is probably true that some people in the United States did not fully realize the difficult character of our situation following the Japanese capitulation. Japan had several million troops in the home islands, and

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millions more on the Asiatic mainland, fully armed, highly indoctrinated with patriotic zeal and a large proportion of them perfectly capable of continuing a suicidal resistance which, while it could accomplish nothing of permanent value to the Japanese, would certainly have cost the lives of many thousands of Allied soldiers. Against this force we had only a comparatively few thousands of American soldiers. True, we have the atomic and other bombs; but bombs are of little avail against armies in the field; their chief usefulness is to destroy industrial targets and communications. Under the circumstances, it was imperative that MacArthur should move with caution, even though it may be true that he was more careful than was necessary, and that criticism at home may have caused him to take a firmer line.

The important thing is not how rapidly MacArthur moves, during these first few weeks, but that he shall move in the right direction. That direction is a recognition that Japanese industrialists, as well as militarists, are guilty; that the whole character of the Japanese state has been anti-democratic, and that our one hope for the future is to discourage anti-democratic forces and to encourage those truly representative of the people's will. As to all this, MacArthur has done little. Unless he soon acts decisively, it will be necessary to judge him in the light of his default and to supplant or supplement him with a civilian administrator of proved devotion to democratic principles and proved ability to put them into practice.

Job Insurance

The fight to assure a minimum standard of decent living to jobless families has been lost so far as the Senate Finance Committee is concerned. Senator Arthur Vandenberg (R., Mich.) served as the real leader against President Truman's program of $25 for 26 weeks. His tricky use of "compromise" proposals confused the issue and made it possible for Senator Walter George (D., Ga.), the committee chairman, Josiah Bailey (D., N. C.), and other Southern reactionaries to abet him without bolting their own party.

As approved by the Senate committee, the unemployment-compensation bill will in no instance increase the amounts now being paid in the various states and will extend the period of weekly payments only up to 60 percent. Even this is true only on condition that the Governor of the state asks the federal government in writing for the necessary money. The plan will bring maritime and federal workers under the benefits program, from which they were previously barred. And it will authorize a maximum of $200 travel pay for displaced war workers to go home or to another job location of equal distance.

Senators Kilgore (D., W. Va.) and Mead (D., N. Y.) will lead the fight to restore the original Truman program on the Senate floor. But on the House side, Southern Democrats and Republicans are planning new and sharper cuts in the bill when their turn comes.

The Full-Employment Bill

The administration has won the first round of the fight to pass the Murray-Patman full-employment bill, thanks to a Republican. Senator Charles Tobey, New Hampshire member of the GOP, courageously crossed party lines to cast the deciding vote in the Banking Subcommittee against a series of wrecking amendments introduced by Senator Robert A. Taft (R., Ohio) and some of his friends among the reactionary Democrats. The Taft coalition was trying to remove the guarantee of government action to assure full employment that is written into the Murray bill. The same five-to-five division held on every vote, and the amendments were going down to defeat, since they required a majority.

The Murray-Patman bill will soon be ready for action by the Senate. But the first battle was won by such a tight squeeze that the Administration must obviously close ranks if it is to push this bill through without drastic changes. Unless party discipline is brought to bear against Democratic Senators George Radcliffe of Maryland and William Fulbright of Arkansas, who deserted their party to vote with the Republicans in the Senate committee, conservative Southerners in the House will feel reasonably safe in sticking to their "Unholy Alliance" with the House Republicans to sabotage the full-employment bill.

Coöperative Oil

We can think of no better solution of the difficulties in obtaining a fair distribution of petroleum products at the lowest possible prices than that advanced by an American delegate to the world conference of coöperatives in London, that the deposits and the extracting and processing industries be owned coöperatively. Already the consumers' coöperatives, through their wholesales, do a considerable oil business, owning both wells and refineries in the United States. Unfortunately for the project, however, most of the consumers still buy from private dealers, and the industry is largely in private hands. Coöperation grows steadily, but slowly, and it is impossible to displace the private oil giants, with the associated international rivalry, overnight.

The coöperatives should extend their domain as rapidly as they can, but in the meantime an international oil agreement which will allot resources and protect consumers must be negotiated. Secretary Ickes has gone to London for this purpose; we hope he will make headway on this tangled problem.

Pork-Barreling the Courts

President Truman's tendency to carry the pork barrel into the courts is causing great concern among progressive lawyers. They see the hard-won New Deal

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gains melting away as key judicial posts fall to undistinguished men who have some political claim to special consideration. The most recent and flagrant examples are the appointments to vacancies on the United States Court of Appeals for the District of Columbia. To succeed three New Dealers—Justin Miller, Thurman Arnold and Fred Vinson—on this bench which decides the fate of much important social legislation, President Truman has nominated a defeated isolationist Senator, a utilities attorney and an obscure Kentucky lawyer. President Truman apparently feels strong personal obligation to former Missouri Senator Bennett Champ Clark. Perhaps Clark might fill some sort of government position satisfactorily, but hardly this one. He will probably be as eccentric and unpredictable a judge as he was a Senator. E. Barrett Prettyman, local traction attorney in the District, is an able conservative who might just as well have been appointed in the Hoover administration as this one. Wilbur K. Miller of Owensboro, Kentucky, is an unknown.

The Republicans Prepare

For weeks now, the Republican National Committee and the Republican leadership in Congress have been promising that they were going to bring forth a full and "unprecedented" program. It would, they said, show up the inadequacy of President Truman's long, "New Dealish" message to Congress. "It will be no two-hour proclamation," Minority Leader Joe Martin promised, "and everyone will be able to understand it."

The Senate Republican Steering Committee met to draft this momentous program and then decided to call in all Republicans to help. The House GOP members conferred for three hours and agreed on little more than demobilizing the Army, ending government controls and cutting taxes. Now the whole problem is assigned afresh to a joint House-Senate Republican committee. The main obstacle seems to be that the GOP doesn't want to support key Truman measures like the full-employment bill and the bill for a permanent FEPC, and yet doesn't want opposition to them to show on its record in '46. Independent, progressive Republicans are grossly outnumbered in both Houses, but they are doing their best to force a more realistic attitude on their party. Progressive Democrats should cheer the efforts of this minority, for every foot of ground they gain is insurance of continuing progressivism in Truman policies.

To Help the South and West

An important measure will soon be introduced in Congress by Senator Josiah Bailey (D., N. C.). Its purpose is to help under-developed areas of the South and Southwest. Henry Wallace is one of the chief sponsors, and the Departments of Commerce, Labor and Agriculture would coöperate to carry it out. With a federal appropriation of $5 million as a starting point, surveys would be made of under-developed areas to see why they were backward and what might be done about it. Raw materials and potential resources of power and labor would be investigated, and new industries suggested. If money was hard to get, or electric or freight rates too high, or businessmen needed research which was not available, the federal government would seek in each case to remedy the situation. Thus the Commerce Department would try to expand business; the Agriculture Department would attempt to develop more and better farm products and to correlate agriculture and industry, as for instance by having farm labor get part-time jobs in factories; the Labor Department would seek to equalize jobs and applicants, and to provide special training where necessary. This bill is, to be sure, only a very modest beginning; but it is a beginning that can grow into something both big and valuable.

Peacemakers in London

The Council of Foreign Ministers, meeting in London, is learning in grim earnest how hard it is to make peace. Although many of the proceedings are still nominally secret, enough is leaking out to show the great tension that exists behind the scenes. Yugoslavia is asking territorial settlements, with Russian backing, to which Great Britain and the United States are reluctant to consent. Other demands are being made in various parts of the world which tend to drive a wedge between Russia and the Anglo-American bloc. The Americans, who at the beginning were said to favor giving Italy's colonies back to her, under international supervision, are now described as wanting to hand them over to an administrator responsible only to international authority. Dispatches from London suggest that this policy may be an answer to the desire of other countries, including Russia, to divide the Italian colonies among themselves. In any case, it is not at all certain that, regardless of the matter of the colonies, Italy will be left in a general position strong enough to make her a part of a prosperous and peaceful Europe.

A Job for Hirohito

There has been much dispute as to whether the atomic bombs dropped on Hiroshima and Nagasaki impregnated the soil with radioactivity which will continue to be harmful to life for a long period of time. American scientists deny this statement, but the Japanese insist it is true. Dr. Frank Thone, of Science Service, suggests a means of proving this disputed point. He says that plants are already growing in the blasted ruins of these cities. If radioactivity is present in the soil, such plants will be marked by an unusual number of sports and mutations. Here is the ideal job for Emperor Hirohito, an amateur geneticist,

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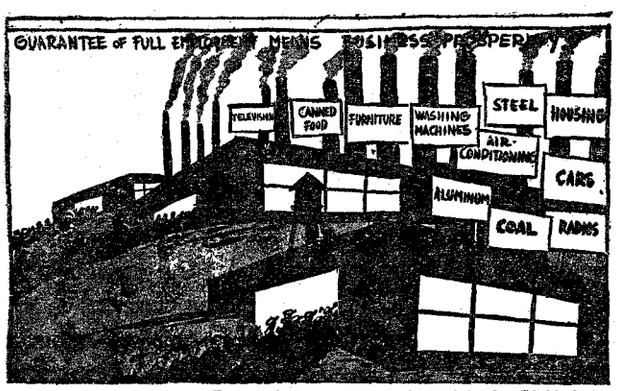
after we are through with him—which one trusts will be soon. Let him go to Hiroshima, sit among the ruins, and watch the mutations grow.

Free Enterprise and DDT

Free enterprise is indeed wonderful, and never more wonderful than when we contemplate its glories as exhibited in the public sale of DDT. This marvelous new insecticide went on sale to the public about the first week in September; and it was about the first week in September that the federal government felt impelled to issue a warning. It seems that DDT in a concentration of less than five percent is practically useless; but it also seems that a good many of the DDT compounds that are now on the market have less than five percent. Some have three, some two, some one-half of one percent. There isn't any law, it appears, which can compel manufacturers to specify the percentage of DDT that they are using, and so there isn't anything the federal government can do about it, except to utter its plaintive and practically unheeded warning. This of course is just as it should be, in a free-enterprise world. The DDT you buy won't do any good; therefore you will have to buy more, thus making extra business and keeping money in circulation. The flies, mosquitos and other insects on which you use the mixture will come to no harm, and they will be kept active and in circulation, too. It couldn't be better if the National Association of Manufacturers had planned it.

World Government

THE DISCOVERY of atomic energy, and its use in the bombs which ended the war, have profoundly impressed many American liberals. We are informed, without having been able to verify the statement, that at least twelve or thirteen new organizations have been set up, in New York City alone, whose purpose is to work for World Government; and those already in existence have been reënergized. By World Government these crusaders do not mean anything like the United Nations Organization, which is now slowly coming into existence, in which no country has made any substantial sacrifice of its sovereignty. They mean an organization which will bear to existing governments the same relation that the federal authority of the United States bears to the individual states. Some of them, indeed, want even greater powers for the World Government. At the very least, they wish such a degree of control that no nation can possibly make war. They are quite sure that if there is another conflict, all participants will use atomic bombs as bad as the present ones, or worse, and that civilization will be destroyed. The time, they argue, is short; some of them believe, indeed, that we have only two or three years in which to bring about World Government and that the alternative is complete catastrophe.



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Several comments need to be made on this thesis. Perhaps the first is that the existence of World Government is not by itself an automatic guarantee against war. Civil wars take place within the confines of a single country. Even so, however, the general concept of an ultimate World Government is one with which no thoughtful citizen can fail to agree. It seems obvious that the present division of the world into nationalities, languages, ideologies, is an indication that mankind is still too close for comfort to the primitive, that we still have a long, hard road to travel. The only real question is the speed that is possible, even under such a terrible goad as the atomic bomb and all its horrors.

Yet it is also possible, of course, that those who are now pushing for World Government may be overemphasizing the urgency and intensity of the danger. While this is no time for anyone to be complacent, there are at least some arguments which may be set over against the alarmist statements that are now being heard on every hand.

One of these is that even though the rediscovery of the atomic bomb may prove comparatively easy, its manufacture, and particularly its secret manufacture, may present some problems to most countries. The United States accumulated enough plutonium for three or four bombs by using the labor of a force which at one time numbered 165,000 persons, and by spending $2 billion. No doubt the cost in time and money has since gone down somewhat; but an atomic bomb is still an expensive item. German and Japanese spies of course knew what we were doing, even though they were unable to penetrate the secrets. If any other country started making atomic bombs, it would not be necessary for us to know its secrets, but merely that the manufacture was in progress. Our own intelligence service and that of every other country on earth would probably be aware of what was being done before the process had resulted in the creation of enough bombs to start a war.

And again: the United States has let it be known that we are creating a stockpile of these bombs, though presumably not a very big one. Any country which

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started hostile action against us could be perfectly certain of prompt and dreadful consequences; it would be a brave dictator who would take such a chance. At least a partial analogy may be found in the case of poison gas, which was not used in the late war except on a limited scale by the Japanese against the Chinese. All the Axis powers knew that Great Britain and the United States had enormous quantities of gas ready for instant use in reprisal; and they were afraid to bring that reprisal about.

Nothing is more certain than that the atomic bomb will be the trump card of the Security Council of the new United Nations Organization when it gets going. Even if the secret is not shared with other nations, the United States will use this weapon against any power declared by the UNO to be an aggressor. For that reason, an atomic-bomb attack against any other nation would bring the same consequences as one against the United States itself.

The foregoing is not meant to reassure anybody regarding our dangerous situation or to instil any unjustified complacency. Undoubtedly we are in danger, and everything possible should be done to remove that danger at the earliest moment. The question we must decide is: What is possible? What can we do that has sufficient hope of being attainable to justify the effort? If we weigh the chances, we must admit that the possibility that American liberals, by no matter what campaign, can bring about World Government within a few years seems slight indeed. We do not know whether the concern of these liberals is duplicated in other countries, except to a limited extent in Great Britain. That Soviet Russia would surrender her sovereignty to an organization dominated, as she sees it, by capitalist powers, is dubious, to say the least. Would China or France consent to such a thing? Would Latin America? Or, for that matter, would the United States itself? It is hardly possible to answer these questions with a resolute Yes.

The United Nations Organization started at San Francisco represented the largest concessions the chief powers were prepared to make at that moment. They were dishearteningly small. Since then, we have had the atomic bomb; but there is no evidence that it has substantially altered the policies of any of these governments. The history of recent years has shown us that international organization proceeds by evolution, not by revolution—a lesson which should have prepared us for the disastrous failure of the League of Nations in the twenties. The only international realities at this moment are certain organizations left over from the war, and such new developments as the international committees on food and agriculture, on aviation, and the like. (There are also, of course, important international movements private in character, including the trade-union movement and the coöperatives.) The real World Government is almost sure to be something which will grow little by little from these developments, and not a new and complicated structure suddenly started because of the terrifying significance of the atomic bomb.

But this does not mean that there is nothing we can do at present to lessen the peril of the international situation. On the contrary, there are many things we can do, and those liberals who are now dropping everything else to agitate for immediate World Government would do well to consider these activities as supplements or alternatives.

The first is to diminish as much as possible the continuing international distrust and hostility that are so painfully apparent. In the atomic age it is more than ever disgraceful to have the McCormick-Patterson, Hearst and Scripps-Howard newspapers, for example, inciting hostility to Russia at every possible turn—hostility that can have no other logical outcome than war. It is shocking that so many private citizens should go around predicting, and oftentimes welcoming, the prospect of such a war. American citizens who are alarmed about atomic bombing in the next great conflict could do much to minimize this sort of dangerous, incendiary talk, if they would. They can also bring pressure to bear on their own government in favor of international policies that are just and reasonable—as for instance in the current negotiations over financial matters with Great Britain.

Finally, and of great importance, is the necessity of keeping the world as prosperous as possible. Dictatorship thrives on poverty and war thrives on dictatorship. This is a lesson too often demonstrated to require further underlining. It is at least worthy of consideration by those who feel the only answer to the atomic bomb is immediate abolition, or vast deflation, of national governments, that while they are working for this laudable aim with one hand they might, with the other, continue efforts to keep down the likelihood of war, if it should prove that the world is not ready for Utopia at a single bound.

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The British-American Difference

No problem of first importance in international relations is less understood in the United States than the economic divergence between the United States and Great Britain. The sudden and unilateral cancellation of Lend-Lease by President Truman has led to a hasty attempt by foreign correspondents and commentators to explain the British situation. But most of these efforts are incomplete and have not sunk far into the American consciousness. Few in this country understand the rather intricate calculus of imports and exports, foreign exchange, international debts and repayments, and currency stability. Discussion has been carried on largely in terms of sentiment having to do with obligations or generosity or protection of domestic interests. These emotions have their important place in the affair, but no proper basis for them can be laid without a real understanding of the economic issues involved.

The major premise of the argument has by this time been made fairly clear. Before the war, Britain had to import about 60 percent of her food (by value). She also had to import cotton, lumber, petroleum, iron and other critical raw materials. Her exports of goods were sufficient to pay for only about half the required imports. The rest were paid for by the earnings of shipping, banking, insurance and other services, and the income from British investments abroad. In order to concentrate her efforts on the war, Britain had to cut her exports to the vanishing point and dispose of a large share of her foreign investments. She also accumulated a huge debt to the countries constituting her chief sources of supply, with the exception of the United States and Canada. In the case of the United States, Lend-Lease was a substitute for this debt. It was part of the Lend-Lease understanding that Britain should concentrate on war production, rather than retaining and enlarging her exports in order to pay for what she needed.

In order to resume economic life on a peacetime basis, Britain must find a new way of paying for the essential imports. Lend-Lease is gone. She cannot prudently increase her already large foreign indebtedness, and in any case does not wish to do so. The debts she has must be funded and if possible scaled down. The income from her foreign investments has been drastically cut. Her shipping losses have been great, and a world shipping surplus is in prospect so that a reduction in income from ocean cargo-carrying is anticipated. The consequence is that Britain will have to increase her exports of goods at least 50 percent above the prewar level in order to sustain her old standard of living, and she will have to increase them more than this if the level of living is to rise.

Naturally, Britain cannot even restore her prewar volume of exports, to say nothing of increasing them, before industrial reconversion is completed, and while her manpower is still largely scattered over Europe and Asia. To cut off Lend-Lease at this juncture was to create for her a problem of desperate urgency. She must have means of obtaining necessary supplies during the transitional period. Offers of loans from the United States to bridge the gap will hardly be accepted, because the necessity of future repayment of interest and principal would only aggravate the ultimate problem, which is already grave enough.

In addition, there seems to be a desire on the part of the American government to extract from the British conditions to which an important section of British opinion is reluctant to assent at this stage. Fortunately, these conditions will not embody the demand of reactionaries that we attempt to force Britain to abandon her plans for domestic social reform, full employment and the nationalization of basic industry. They do, however, look in the direction of renunciation of the system of imperial-preference tariffs, exchange control, the pooling and rationing of exchange within the sterling area and other so-called "discriminatory" practices in the regulation of foreign trade.

These are matters concerning which American understanding is almost nonexistent. Most of us have accepted on faith the old doctrine, ably promulgated by Secretary Hull, that all barriers to trade imposed by governments are injurious to world prosperity and should be removed. We are at a loss to see why the British, with their need for greatly expanded trade, should object. We do not understand what gave rise to these practices, or why they may be needed by a nation in Britain's precarious position.

The imperial-preference tariffs constitute an arrangement roughly similar to the tariff of the United States. The nations in the British system all impose import duties, but allow imports from one another at lower rates than imports from outside the Empire. This is an approximation to our system of protection, with free trade among the several states. Our exporters regard imperial preference as a handicap to their ability to sell in British countries. Exporters in the United Kingdom regard it as a means of assuring them a competitive advantage in Empire countries. If everyone could be sure that production and trade throughout the world would expand, doubtless all concerned would benefit by abolishing both American and British tariffs. But as long as there is uncertainty on this point and Britain has a desperate need to sell abroad, she is reluctant to give up the wall about the relative freedom of trade within her protected area.

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The sterling area is composed of Empire countries, and of others as well, all of whose currencies are linked with the British pound sterling. The exchange values of these currencies do not seriously fluctuate in relation to one another. Britain can buy or sell freely in any of them without concern about foreign-exchange problems, just as New York can buy or sell freely in Illinois or California. When, however, Britain or any other country in the sterling area wants to buy from the United States or other countries dominated by the dollar, it first has to consider whether it is going to have enough dollars to pay the bill. The number of dollars available depends upon purchases by Americans in the countries of the sterling area, or loans and investments in that area from the United States.

Both before the war and during it, there was a chronic shortage of dollars in foreign-exchange markets, because foreigners wanted to buy more here than we wanted to buy abroad, and the difference was not made up by loans and investments. Therefore, purchases from the United States by members of the sterling area had to be restricted according to the dollars available. This result is now accomplished by the British scheme of exchange control, which forbids outgoing payments without governmental permission, pools the dollar exchange available to the sterling area and allots it to the most necessary uses. American exporters object to this plan because it limits their sales in sterling countries. They seem to be ignorant of the fact that their total sales in this area are automatically limited by the number of dollars which the United States makes available, and that the British scheme is merely one which decides how these dollars shall be apportioned. It is difficult to see how the plan can be abandoned until Britain is able to balance her international payments in a free market. Even in the long run, if the United States is going to try to export more than she imports, or suffers a severe depression so that American purchases abroad are sharply reduced, Britain can do without exchange control only at her peril.

Other so-called "restrictive" practices, such as international barter agreements, constitute attempts to assure a necessary amount of international trade between the parties in question, in spite of depression or shortages of international exchange. Most of them arose during the Great Depression of the thirties, when the disastrous drop of American foreign purchases and investments placed almost every other country on the breadline.

Britain can afford to relinquish such safeguards during the transitional period only if the United States can assure her of enough dollars so that she can buy what she must have, no matter how much more than this the abolition of controls may lead the sterling countries to import from us. The assurance, moreover, must be of such a nature that it will not obligate her in the future to pay back more than her resources of foreign exchange will permit. How such a transaction might be arranged is a puzzle, though not necessarily an insoluble one. It might in part take the form of agreements to purchase from Britain or other countries of the sterling area several billion dollars' worth of goods or other property needed by the United States, or it might in part take the form of a loan without interest for a period of years and with a proviso that ultimate interest and amortization would be decided at a later date in view of circumstances then existing.

As for the longer future, the British would take a large risk by committing themselves to worldwide multilateral trade without discrimination or control of any sort. They admit that if prosperity could steadily be maintained and if trade should expand, all concerned would gain more from such a regime than from one in which controls and special arrangements existed. But if, on the contrary, the United States should suffer a depression, dragging the rest of the world down with it, Britain would be forced to protect herself as best she could. Such protection would necessarily involve measures which our government wishes her to promise to abandon. Many Englishmen believe that the only safe course is to build up a full-employment area consisting of the sterling bloc and the nations of Western Europe, an area which would strive to insulate itself from misfortunes of the American economy.

In making the critical decision whether to join the United States in worldwide removal of trade and currency controls, Britain is chiefly influenced, not by the pressure we put upon her, but by her estimate of our will to coöperate on broad lines and of our economic future. While the British did not expect Lend-Lease to continue in peace, the unexpected arrival of V-J Day and the cancellation of Lend-Lease without prior consultation or agreement on any of these difficult problems has, according to reliable reports, aroused strong but largely unexpressed opinion in Britain adverse to any future dependence on American policy. The United States, with its vast resources and great wealth, may be able to take its chances with the vagaries of an uncontrolled free market which may lead to depression and unemployment. Britain, with her narrow margin, cannot. Rather than assume obligations which she cannot fulfill, and rather than cast herself adrift on the seas of an uncharted freedom of trade without any guarantee against misfortune, Britain will live through the crisis without our aid, uncomfortable though it may be. Her powers of recuperation may be unexpectedly great. What we shall have to do in order to enlist her cooperation is not to engage in sharp trading but to survey the problem as a whole and implement the joint interest in an expanding economy and steady full employment.

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Big Business Buys the Air

THE Federal Comunications Commission, in a series of recent decisions, is inviting American big business to seek control of the airways. In four separate cases, a majority of the Commission has used precedent and practice as excuses for neglecting the public interest in radio.

In the most recent and flagrant of these cases, the Commission has opened the door wide to control of the industry by corporate finance. That is the decision to permit transfer of the vast Crosley radio empire to Victor Emanuel, international holding-company operator, and his Aviation Corporation of America, without evidence that the deal is anything more than straight speculation. Unless this line is reversed, radio's vast opinion-making power is open to capture by those who already hold the major economic controls.

When Paul Porter was named FCC chairman, shortly before Roosevelt's death, and President Truman had another vacancy to fill soon after, there was hope that the FCC would give us the strict regulation that had been needed for some time. On the record to date, those hopes were misplaced. The lame-duck Republican Governor of Vermont, William H. Wills, whom Truman named to the Commission, has regularly risen to protect the vested rights of licensees when he has been on the job at all. Chairman Porter has fully justified the general approval of his appointment (in which the *New Republic* joined), by his speeches. But his votes have failed to match his talk. On three key issues, Porter has sided with the majority in refusing to hold broadcasters to their full responsibilities for public-service programs. In the Victor Emanuel-Crosley case, which was decided four to three, it was Paul Porter's vote which carried the day for Emanuel's AVCO and authorized more power.

As far back as December, 1942, Commissioner Clifford J. Durr, a Roosevelt appointee, warned his colleagues that "unless some limitation is imposed . . . [big-business interests] may embark upon a program of station acquisition which will force their competitors, and even concerns in entirely different lines of business, to follow the same course in order to survive. Such a course would tend to make radio broadcasting an adjunct of private commercial enterprise instead of the independent medium of entertainment and expression it must be if it is really to serve the public interest." Within the last month, Commissioners Ray Wakefield, a progressive California Republican, and Paul Walker, a Democratic "populist" from Oklahoma, have stood with Durr on this principle several times.

Frequency-modulation broadcasting has been widely hailed as a new chance to make radio serve the widest public need. The regulations the FCC issues governing FM stations are obviously the key to that chance. Is FM to mean more to the average radio listener than the chance to hear singing commercials sans static? The rules and regulations governing FM, as issued a few week ago, specifically do *not* require any special programming, even for the minimum of two hours a day that had been urged, leaving the way open for those operating both FM and AM stations simply to broadcast duplicate programs. And the regulations flatly stated that no channels are to be reserved for allocation to veterans who may want to get into broadcasting later or to people of limited capital who can't afford to get in now.

On October 8, the Commission is scheduled to grant the first postwar FM licenses. Out of 400-odd applicants, more than 100 are from the Hearst-McCormick-Patterson-Gannett group of isolationist nationalists. The Chicago *Tribune* is applying for the top limit of six stations in the Midwest. On these license cases, perhaps even the short-sighted commissioners will see what forces they have set in motion by their refusal to adopt a strong policy.

Early in August, the Commission rushed through two more free rides for the industry. The majority voted against making public the financial records of individual stations. The minority protested that "if the public is to demand better programs and less advertising interruptions, it should know what the licensee is spending on program service and what it should reasonably be expected to spend in the light of its earnings." And later the majority approved CBS's selling its station WBT in Charlotte on condition that the new owners install a directional antenna system to protect another CBS station, KFAB in Omaha. There was no minority vote to speak for the 250,000 listeners in the Southeast who were deprived by that move of the only primary night-time radio service available to them.

All these were small, quiet cases, as Washington news goes these days, and so few were prepared for what happened when Victor Emanuel came to town. Many Washington reporters can recite Emanuel's directorships more easily than the second verse of the national anthem. They have traced his widening influence in Washington since the first days of the war. They have watched the friends of Emanuel closely: from Leo Crowley, Foreign Economic Administrator and erstwhile chief of Standard Gas, AVCO subsidiary, down to jolly George Allen, now Truman's man to liquidate war agencies, but also a director in Emanuel's AVCO, General Aniline and Film, and Consolidated Vultee companies.

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Emanuel's outfit made a deal to buy the Crosley Corporation, including station WLW, for $21 million-odd in June. Subject to FCC approval of transfer of the station, so the contract read. The Emanuel boys rushed to Washington in a body to get that approval in a hurry. The FCC sat *en banc* for two days of hearings during which the Emanuel representatives displayed their charming personalities and their colossal ignorance of what broadcasting is all about. They hadn't really wanted to get into radio, it seemed. Powel Crosley had simply refused to sell AVCO his household-appliance business unless they took the radio interests "in one package." That meant a night-time clear-channel station into 25 states, and about 30 percent of the total United States installed power for international broadcasting, plus a contract to buy Hearst's WINS in New York—totaling up to probably the largest radio holding in the nation.

The Emanuel men cheerfully admitted they had not read the code of the National Association of Broadcasters or the Communications Act, and rarely had time even to listen to the radio, but, they pointed out, they were good at "romance" businesses and radio looked like that kind of deal to them. Public-service programs, they thought, were those "that would best serve every man, woman and child," and a good time to schedule those, their spokesman thought, would be around midnight.

A majority of four of the Commission voted to approve the transfer of the key radio properties in question to these sharp holding-company operators. A minority of three, Wakefield, Walker and Durr, dissenting, pointed out that not even drivers' licenses are granted on "commitments" to learn the laws, much less powerful broadcast franchises. But the main minority criticism reaches far beyond the question of communications. Chairman Porter and his three colleagues ducked out from under the Emanuel case by demanding additional legislative interpretation of the Act. Walker and Durr say that the present Act contains all the direction needed. Precedents, they say, need stop no one who wants to go forward. "We cannot accept as controlling, any precedent of sidestepping statutory responsibility," the dissenters say.

Meanwhile Chairman Porter and the majority of the FCC stand by their request that Congress revise and reinterpret their legislative authority. That may be in a year or two, from the look of the congressional calendar. Pending the adoption of the new legislation and transfer procedures which the majority of the Commission has requested, at least we should hold up all questionable radio deals. Radio means too much in shaping public opinion at home and in interpreting the United States abroad to be auctioned off to the highest bidder.

Washington HELEN FULLER

Postwar Politics in Sweden

DURING the war, the lively trend of social planning and reform in Sweden went underground. And this is not merely for Anglo-American publication. Marquis Childs and the Fabians in London, who made Swedish labor relations and consumers' coöperatives almost as fashionable for travelers as Parisian gaieties or tuna-catching off Mexico—these benevolent observers would not have found much to write home about had they returned here in '41 or '42. War economy and war preparedness set the tune, and social progress was toned down accordingly. Sweden did "keep out of it," but her peace was ever on tenterhooks. Our minds were persistently haunted by Nazi bullying and the goings-on nearby. The moon was down in Oslo, in Copenhagen and in Helsinki. In Stockholm the street lights and shop windows glared shockingly, indecently, to visiting Londoners. But "the inner light," candid debate on vital issues, was dimmed if not blacked out under the cloak of national unity, party truce and coalition cabinet.

The end of the war has changed the scene. Lasting peace, gasoline and bananas are fervently expected; as to organized peace, the Swedes are certainly willing to do their part. The actors on the political stage have not changed much, but elections to the second chamber of the Diet (Riksdag) were held in September, 1944, and the relative strength of some parties changed somewhat. The Social-Democratic Party lost 19 seats out of the 134 it held before; Agrarians and Conservatives suffered minor losses, but Communist gains made the headlines. Their vote rose from 100,000 in '40 to 318,000, accounting for more than 10 percent of the total (but getting only 15 seats in the chamber, or just 7 percent). Last July, very soon after the Nazi breakdown, the coalition government dissolved and was succeeded by a purely Social-Democratic cabinet, led—as usual, one might say—by P. A. Hansson, Prime Minister since 1932, except for a brief interruption in 1936. Some key positions are still kept by old hands (Finance, by Wigforss; Interior, by Möller; Agriculture, by Sköld), while others are entrusted to younger party first-stringers hitherto untried in government—Vougt (Defense) and Gunnar Myrdal, the brilliant economist and sociologist (Commerce). Some of the labor team's freshmen are not yet 40. John Ericsson, born in 1907, entered the Riksdag only nine years ago as a textile worker of the rank and file, and has recently shown great capability in a

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leading position on the newly established State Labor Board.

In "keeping out," Sweden of course gained much, and not only economically. Nazi terror and exploitation were avoided, as well as the sordid complications of punishing war criminals and Quislings. Foreigners will note the sane atmosphere of political discussion, exempt from the disagreeable questions of unsettled debts and crimes. Nazified fifth-columnists are being dealt with, legally and socially; the Nazi "tourists" are being reëxported in due order. Housing and help for refugees remain an important task, recently greatly diminished through the repatriation of Norwegian and Danish patriots.

Of course this does not mean that Sweden has no international problems or does not recognize them as such. On the contrary, our foreign and commercial relations dominate many sections of opinion, which is remarkably sensitive to signs of discord between the Big Allies. In the short view, however, social and economic issues seem to be more interesting, partly because of the international parallels or contrasts they present. Comparisons with Britain, now led by Attlee's Labor team, are easily made. As often before, the trends of British radicalism are being closely followed or watched at party headquarters in Stockholm. Washington and Moscow influences are as real, maybe, but certainly less immediate and less tangible.

Expecting mass unemployment and distress after the war, Swedish labor launched a drive for full employment in 1943, about one year before the election campaign. Myrdal and Sterner, leading economists in the Labor Party and Trade Union Council respectively, went so far as to devise employment measures based on mass production of consumer goods for the home market. For the present, unemployment looms less large in our political future, and more stress is now put on the difficulties of international trade. The importance of overcoming these seems to be clearly understood by all. Moreover, socialization or nationalization swiftly assumed the importance of political topic number one. Industrialists, wholesale dealers, conservatives and liberals alike—all honorable men—have united in wholehearted and wholesale resistance to any attempt at widened state influence on industry or trade. Pamphlets have been distributed in tremendous numbers this summer, and advertising campaigns in behalf of "free private enterprise" have made newspaper owners both rich and gay, and the public at least attentive. Last spring, big party proposals, from both the Social-Democrats and the Communists, were launched in the Riksdag, while a plan for dealing with the oil-trade monopoly has been aired for years.

State ownership and control are well known institutions in Sweden. State railways, telephone and telegraph, and municipally owned power plants have functioned for 50 years or more. State monopolies in tobacco and liquor were established as early as 1915 and 1917. But liberal and conservative critics maintain that state enterprise or control, if further extended, could be justified only if obvious maladministration or waste were shown in present conditions. As to insurance, the Socialists argue in a different vein. Big profits in private enterprise should not preclude public enterprise, if social advantages as well as managerial rationalization can be gained.

Among important problems, those of foreign trade (fuel imports), housing, cuts in the defense budget, school reform, social insurance and the readjustment of salaries in the civil service will furnish disagreements enough to last for several Riksdag sessions. Union wages should not be overlooked as a source of unrest, either. During the spring and summer, a protracted conflict affecting 15 percent of organized labor went on in the engineering industries, which include many of our foremost exporting firms and branches. At last an agreement was reached, granting only minor raises. The trade-union leaders had no little trouble persuading the responsible labor negotiators to accept the truce. Opposition among the rank and file was vehement—and still is. Wages have been kept down during the war by a universally accepted "prices-and-wages-stop" policy, but it is obvious that the toll of actual rises in cost of living plus scarcity of commodities has heavily strained the workers' solidarity. The opposition, headed by Communists but certainly supported by many non-Communist members and voters, may have overrated its chances of victory, and also of putting the blame for failure on the "reactionary" or, rather, tactically more cautious, leaders.

The housing shortage remains crucial. Some difficulties of the building trade are technical, resulting from the lack of materials or semi-finished goods formerly imported, while others clearly imply planning measures and public enterprise, if they are to be successfully solved. Knowing the inclination of Swedish labor for advancing step by step, applying its liberal version of "socialism in one country" with deft tactics, one might expect the building trade to form a sphere of experimentation, where persuasion and mediation as well as direct action from state and communities could be brought to work upon the mechanism of private enterprise. Here as elsewhere in our political fields, the middle way may be felt to twist gradually leftward, without definite turns or clear-cut signposts to indicate the direction of things to come. Agricultural reform, with its support for the collective ownership of tractors and other implements, farmhouses, etc., belongs to the same trend of socialism by degree. It remains typical of coöperative, moderate, democratic middle-way politics in Sweden. Ultimate goals are neither Right nor Left here; Right and Left are determined only in relation to the middle way.

Stockholm JAMES RUSSELL

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Washington Notes

Mr. Truman's Challenge

THIS COLUMN filed away all those blithe predictions of conservative editorial writers printed when Truman assumed office, telling their readers how this new safe-and-sound Coolidge was going to throw out the Roosevelt New Deal. We filed them all away for future reference, and now we can't find them. Perhaps it is just as well, for their republication today would only cause pain and embarrassment to respectable columnists and teach the public how fallacious father-to-the-thought journalism can be.

The Truman message to Congress was, of course, a New Deal document, and the Republicans are angrily treating it as such. Minority Leader Joe Martin, one of the most agreeable and, I believe, short-sighted, men in Congress, took a different slant: he rubbed his hands over the Truman message. He expressed private delight that now the President was revealed—a New Dealer. Mr. Martin failed to reflect that it was the same platform that gave Roosevelt four thumping victories. The GOP slogans are going to be "Balance the Budget" and "Where's the Money Coming From?"

A word of caution should be entered. The message was a political document. Mr. Truman has taken a position on the liberal side and all power to him. But Mr. Truman is also very much of a politician. As things stand, I doubt if Truman has a batting average of .300 on the 40-odd proposals he has made, and he certainly knows it. Congress will crack down on half of them, probably more. If the President makes a fight for his program, the score may be higher. Just how far will Mr. Truman go?

Lord Keynes and Lord Halifax sat in the ballroom of the British Embassy last week being interviewed by a host of journalists. The trappings were rich, bespeaking the past opulence of the British Empire. And the two British spokesmen looked old—old and very tired—but extraordinarily experienced and shrewd. Impersonally, dispassionately and, I thought, effectively, they stressed that Britain has an alternative to American fiscal assistance now; a retreat into an imperial-preference bloc. They did not need to say that this means a bitter trade war.

Another scene occurred last week, as I sat in the press gallery of the House. One after another, eight Republicans rose, four of them members of the powerful Ways and Means Committee which must pass on any British loan, and made attacks on Britain which I would not have believed possible. They were led by Republican Harold Knutson of Minnesota, ranking member of the committee, and next chairman if the GOP wins a majority in the House in the 1946 election. They egged each other on. "Just what kind of saps do the British think we are?" cried Knutson. He declared Churchill had "dragged" America into the war. Others took up the chant, one after another. It was the same bitter, venomous talk of war debts that poisoned America's relationship with the world for two decades after World War I. No Democrat rose to answer, though Truman commented on it next day.

Advance Treasury statistics indicate that United States corporation profits, *after taxes*, have averaged $9 billion a year, or around three times prewar levels, since Pearl Harbor. These are the biggest profits in history. Nathan Robertson, able writer for *PM*, has analyzed them. Average profits for the four prewar years, 1936-39, were $3.3 billion; in 1943 they were more than three times that. Besides this, corporations have gained some $4 billion in new plant, paid for by government, and have unestimated billions coming back to them in tax refunds.

This is the background of the situation as workers press for higher basic wages. The theoretical cost-of-living index has jumped from 100, in January, 1941, to 129.4 for last July, and this Labor Department figure probably underestimates the real situation. Workers know that overtime will soon slacken off, and that they face reconversion with a dollar worth only 70 cents. Another irritant is the proposal of congressional conservatives to repeal the corporation excess-profits tax. Without this tax, corporation profits last year would have been nearer $20 billion.

Notes.—In the wake of the atomic bomb, the British are adding scientific-research attachés to all their embassies. . . . Some congressmen fear undue competition if Truman's proposal to double legislative salaries to $20,000 takes effect. "It's just asking us to vote ourselves out of jobs" is one comment. . . . Leo Crowley was the principal Truman adviser who urged brusque Lend-Lease cancellation; veteran Treasury advisers opposed it without first arranging alternatives. . . . Truman paid three straight political debts in filling vacancies on important District of Columbia Court of Appeals, including isolationist, Roosevelt-critic Bennett Clark; the Truman appointees (all Democrats) give this hitherto mildly liberal court a strong conservative majority. . . . Isolationists want to make the Pearl Harbor inquiry into a sort of American Pétain trial, threshing out whole war and, of course, pinning guilt on Roosevelt. . . . John T. Flynn's 10,000-word summation in the Chicago *Tribune*, September 2, represents the new isolationist Pearl Harbor *mystique*, as extraordinary a document as the war has produced; he "documents" arguments to show that Roosevelt sacrificed the fleet at Pearl Harbor to get us into the war. Good old Flynn has Roosevelt doing everything except swimming under water with the bombs in his teeth. . . . The strangest incident of the war was the Japanese failure to realize we had broken their code, even after a Chicago *Tribune* writer obliquely revealed it after the crucial battle of Midway, in which we knew the advance disposition of all the Jap ships. Knox's suit against the *Tribune* was hastily canceled upon the incredible discovery that the basic Jap code was still being used. . . . New Hampshire Republican Senator Charles W. Tobey saved the bacon for the full-employment bill in the Banking and Currency Subcommittee by voting with the liberals in a 5-to-5 tie. And liberal Senator Claude Pepper has shown still further political courage in view of Florida wage conditions by sponsoring the 65-cent-wage-minimum bill.

Washington T. R. B.

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Dark Victory

"PRIDE OF THE MARINES" is a tough-minded, intense, skillful movie about the Marine hero Al Schmid (John Garfield), who was blinded in combat on Guadalcanal after he and two other Marines had killed two hundred Japanese. It begins with the year before Pearl Harbor, during which Schmid falls in love and gets engaged, in traditional movie style, shows the battle on Guadalcanal, Schmid's hospitalization in San Diego, and the first days of his return home to Philadelphia. The film is most deeply concerned with showing the good adjustment made by a soldier to a severe war injury, and also with presenting some of the hope and fear with which soldiers look toward their coming civilian life. The events are prolonged to an unusual length, each moment is made to contain a forceful action or statement, and the tone of the event is continually returned to a bitter, ruinous, savage or sour note. In the process a lot that is important and bold is shown or said and a variety of credible action, feeling and idea is packed into each event. A good example of this is a conversation between the hero and his friend on the train going home. Mainly it is good because for once there is a believable feeling of people on a train—the light is garish enough, the atmosphere is warm and sticky and the talk an unending, variegated, exhibitionistic kind in which you feel each person is trying to entertain the other. It is also excellent because it works doggedly through an argument filled with disturbing elements. One of these has to do with the hero's being asked if he would go through the war again if he knew he would be blinded: the movie is honest enough to show him perplexed and unable to answer. Another is an angry description by the hero's friend (Dane Clark) of his trouble in getting work in this country because he is Jewish.

The film is definitely above the current average in every department except that of background music. Movie music could not be written less imaginatively than it was for this one: for instance, there is the scene in which a soldier delivers an unbelievably corny, inflated eulogy of America while the invisible orchestra plays "America." The picture's failings and virtues are strikingly present in the Guadalcanal battle episode, in which three Marines, operating one machine gun from a fairly exposed position, kill what seems like the entire Japanese army. Some of its virtues are that the Marines are given battle emotions that seem entirely credible; their excessively sharpened, frightened, almost panicky reactions and shouting give you a constant, terrifying feeling of how close to death they know themselves; at the beginning they check their gun and ammunition and make their preparations in a very realistic manner; throughout the action they deal with the gun and worry about it in a workmanlike way; and the scene seems to take as much time on the screen as it would in reality. Some of the failures are that the photography in the studio-made scenes (the movie uses shots taken during the actual battle) is an unconvincing, ineffectual, soft kind in which the main high light is inevitably out of place on the hero's helmet or forehead; though Garfield's acting of a very young, frightened, almost hysterical soldier seemed exactly right, the acting of the other two has a make-believe quality; the terrain seems both fantastic and cooked up; and there is always a feeling that the scene is being made to contain more excitement and tension than it should.

There is often a good attempt to project feeling and story solely through an imaginative use of the camera, and unlike the usual attempts in this direction, the effort doesn't seem eclectic, mechanical or fantastically heavy. In the visualizing of Garfield's nightmare about being blind, the first part seemed to me completely convincing and with an odd, wistful quality in the way it showed some of the hero's more anxious moments in battle by combining negative and positive film—the rest of it struck me as being too realistic and banal in symbolism. Another inventive scene is an excellent, tense one in which Garfield's eyes are examined after an operation: it consists in part of an obvious use of blank screen that produces a sharp, correct effect. The script writing of Albert Maltz, which seemed to me the most creditable contribution to the film, has some subtle, very emotional incidents of a kind that is rare in movies—like that of the hero's suddenly going off into an unspoken, sad, loving rumination about his girl. John Garfield, when he is trying to be anything but hard and defensive and is allowed to talk a little less and at a speed slower than his usual imitation of a drill press, becomes surprisingly boyish, somewhat woebegone, nice-spirited and more valuable as an actor than I have ever seen him be.

MANNY FARBER

The Bandwagon

The buildings [in the Japanese prison camp of Shimigawa] were worse than American pigsties and the poorest slum conditions in the South. – *From the New York* Times.

If the returning soldiers insist upon the open shop and peaceful collective bargaining, the postwar prosperity can be bright and of long duration with little unemployment; but otherwise, there will be much unemployment. – *Roger Babson in his syndicated column.*

Ideas Are Weapons

May 17. Man I met in the Reading Room is not as cultured as I thought. Caught him putting my watch in his pocket as he asked me if I followed the *New Republic* editorials. – *From* The Memoirs of a Shy Pornographer, *by Kenneth Patchen, in* PM.

Has *He* Plans, Too?

The Bible Auditorium of the Air Presents
"GOD'S POSTWAR PLANS"

– *Advertisement in the New York* Times.

Not Too Late for Herpicide

The former Ambassador and Undersecretary of State under President Hoover [William R. Castle] said personally he had more hope for the regeneration of Japan than Germany. "Japan has been part of the world only 50 years," he said, "Germany has been Christian for centuries." – *From the Washington* Post.

The Broadway Nirvana

At last to his [Brock Pemberton's] delight Mary Chase turned up with the script for "Harvey."

"This wasn't the end of it," said Mr. Pemberton. "She spent

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months doing extensive rewrite jobs. But what was the result? She's making so much money today that she'll never have to write again if she doesn't want to."

Such is the reward to which the aspiring young playwright may look forward. – *Oliver Barnes in the Sunday drama section of the New York* Herald Tribune.

Our readers are invited to contribute to this column; $1 will be paid for each item used. Address Bandwagon, care of the New Republic. *Please enclose the original clipping.* – THE EDITORS

Correspondence

Demobilization Headache

SIR: I have just read the September 3 issue of the *New Republic.* Arthur Eaton is certainly correct in his analysis of the attitude of the GI today. But what is the civilian world doing about the situation? What is the liberal world doing about it? Are the brass hats to be allowed to continue their stupid demobilization program?

Almost a month has passed since we were informed of the surrender of the Japanese. Since that time, we have been made to suffer all sorts of illogical statements from the military. There are many of us who have served in the army for well over two years. We have held jobs which were considered essential and therefore were not sent overseas. Are we to be penalized now? Is it demanding too much if we ask that the military be forced to present to Congress and to the people of the United States a detailed analysis of its needs? Is it demanding too much if we insist that the military publish a detailed analysis of the status of its men? Don't we have a right to know the number of men in each army classification? Doesn't each man in the services have a right to know what is going to happen to him?

Or should rumor give birth to rumor? Perhaps it is the desire of the military—and by your silence you assist the military—to hold its control over us, increasing our hatred of the army and increasing the psychoneurotic toll.

Our demand is clarity and a policy. Both are lacking today. The civilian world must force the military to take action now.

Cochran Field, Macon, Ga. PFC S. D.

The Need for Planned Parenthood

SIR: Today, false taboos in medicine and public health must be dispelled if each American family is to develop as a strong unit of the nation. Next to heart disease and cancer, deaths related to childbirth constitute the largest group in the United States.

Planned parenthood, through medically advised contraceptive methods, has received full medical recognition as an important, life-saving part of preventive medicine. In a recent survey, 94 percent of our country's obstetricians, out of their practical experience, said they believed that there should be an interval of at least 18 months between births, and still more agree that pregnancy should be postponed in face of serious illness. Reliable polls show that more than 80 percent of the adult population believes in the idea of birth control.

Less than a decade ago, Surgeon General Thomas Parran broke through a fog of hush-hush to use the word "syphilis" in the public press for the first time. To one man's courage, we are indebted today for much of the realistic progress being made toward wiping out the scourge of venereal disease. Yet planned parenthood is a subject that is not understood by many of our best minds. It is opposed by the Catholic hierarchy, although 70 percent of Catholic women polled approve. Many youngsters, newly married, are better informed about its health contribution than are our cabinet officials. Only six states make it a part of their maternal-health programs; only 65 hospitals have child-spacing services; only one-half of the medical schools are courageous enough to include it in teaching.

JAMES H. SCULL, Director,
Public Information Department,
New York City Planned Parenthood Federation of America

Shall We Have Conscription?

SIR: Nellie Hunter summarizes the case against conscription in your issue of August 27. Her arguments are precisely those most often presented against the peacetime draft of soldiers.

A standing army is of course not intended to show the wisdom of our foreign policy; it is to show that we are prepared to set in motion our military strength to fulfill our commitments. If it is known that America will go to war, but that she must first get her army together, no nation will have the patience to suffer under the aggressor for two or three years until liberation. What good, incidentally, would the atomic bomb have been without the infantry-won bases from which to hurl it?

Conscription of young men who have not yet developed permanent ties will cause only a temporary delay in their life careers. Of course, like all other restraints on the population from taxes to criminal laws, it would be much pleasanter if these things could be achieved on a voluntary basis; but the state has to look to the common permanent welfare.

Beaver Falls, Pa. T. A. TENOR

From The New Republic Mail Bag

Dr. L. M. Birkhead, director of the Friends of Democracy, sends us a letter regarding the guilt for Pearl Harbor. President Truman's statement that America as a whole was as much to blame as any individual is true, he says, largely because of isolationist organizations and propaganda groups who were partially successful in creating a climate of public opinion which kept us unprepared for war. He points out that this factor was cited by the Army Investigation Board, lists leaders and organizations responsible and asks us to "demand that the inquiry extend to those vital factors which contributed to the disarming of the nation."

Sergeant D. G. B., APO, New York, says that the lack of jubilation expressed by soldiers at victory reflects a state of "unillusion," a cynicism which is partly the result of being subjected to the unnatural pressure of army life, which breeds fatalism, and a lack of optimism and faith which also characterizes the civilian population. He contrasts this with the attitude of the preceding generation, which, he feels, fought the last war in hope of a lasting peace.

Our New York readers may be interested in a conference to be held on September 23 at the Hotel Commodore by the New York Committee of the Southern Conference for Human Welfare to discuss "Federal Responsibility for Guaranteeing Fair Employment Practice." Further details may be had from the Committee at the Murray Hill Hotel, 112 Park Avenue, New York 17.

James H. Hart, director of the Elliott Institute of Human Relations, announces a series of discussion courses to be given by J. Raymond Walsh, Dr. David S. Muzzey, Professor Sterling P. Lamprecht and Jerome Nathanson. Registration for the seminars, which start in October, is going on now at the Society for Ethical Culture, 2 West Sixty-fourth Street, New York 19.

Lieutenant R. S. S., APO, San Francisco, calls to our attention that "Catholic priests and religious constituted a large proportion of the inmates" of the German concentration camps and scores what he feels is our omission of this fact.

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Books in Review

Way Station

It is Professor Frank's[1] contention that the conflict between philosophy and religion is an irreconcilable one only if abstracted from its actual context, which is that of human existence as a whole. Once integrated by the consideration of man's real position in the world, and by a clear consciousness of the specific questions answered by each, philosophy and religion are discovered to be two inseparable aspects of the same human problem. Reason cannot disprove faith, because its self-imposed limits are precisely those whose reality constitutes the starting point of faith. At the same time, faith cannot destroy reason, since, in order to be more than a passing emotion, faith needs understanding and the language of the intellect.

The central problem, according to Mr. Frank, is the problem of limit, "the general situation in which man, *qua* human being, finds himself . . . this finitude from which man cannot escape, and which his intellect must recognize as actually existent, that limitation which in fact reveals the true nature of man. I mean the inevitability of death, of struggle, of suffering and of history. . . . Death makes us feel that we are centered not in ourselves, but that we are dependent upon something beyond ourselves." And if we are dependent on something beyond ourselves, then moral failure is not an accident but a fundamental fact of existence. From moral failure another fundamental fact derives: the inevitability of guilt. To which the absolute historicity of existence has to be added, the fact that: "No one can start fresh. What happened before him, he cannot undo . . . if his view is directed toward the future and he inaugurates something new, the results of his willed actions are beyond his reach." Since history is essentially irrational, conflict and the impossibility of any ultimate solution also appear to be unalterable facts.

These are the existential limitations which, Mr. Frank maintains, "the philosopher is prone to forget" and which, since they cannot be overcome or solved, religious thought alone can express in terms of faith, grace and salvation. Philosophy (even the existential philosophy from which Mr. Frank derives his conception) can only analyze them, and in so doing it will be forced to recognize the legitimacy of the religious decision if it is to remain loyal to the laws of the rational attitude. "The concepts of faith, to modern man, become understandable again in their real meaning and in their truth only when he encounters the limits of his factual existence and realizes that even the scope of his theories is definitely limited. This does not impair the truth of scientific discoveries, as far as they concern the rational explanation of phenomena. On the contrary, it is precisely against the background of this truth that the actual situation of modern man stands out and becomes discernible for him." The book concludes with the following statement: ". . . faith does not allow us to acquiesce in vague feeling and religious imagination. What we feel, we must try to recognize in fact or else we do not really believe in it. There is no twofold truth. Faith must come to terms even with the opposite truths of scientific and practical reason, in which we trust in our everyday experience; it is the function of philosophy to strive toward the solution of this antinomy. Reason, on the other hand, cannot rest content with truths that are unrelated to the motivating belief of our life and must seek for their ultimate grounds. Only by thus wrestling with its own limitations does our reason gain a glimpse of the Absolute. . . ."

Mr. Frank applies his conception of "limit" to a series of fundamental philosophical and theological problems such as the existence of God, the contradictory nature of the idea of Time and its relation to the idea of Creation, the antinomy between Truth and Imagination, the problem of Destiny and History, ending with a chapter on Letter and Spirit. Mr. Frank's discussion of these problems consists essentially in showing how, in each of them, the religious notion, although transcending human experience, expresses a "truth" which philosophical thought finds in the form of an antinomy, on the very ground of experience. So, for example, "eternity is an idea of which we can have no notion or experience. Yet, in our thinking we always have recourse to a truth that seems independent of time." In the same way, "Our scientific understanding of nature is impossible . . . without imagination, which alone enables us to conceive objects in their absence"; this introduces into the problem of knowledge a paradox which cannot be solved if we do not admit that "it is in imagination that man's relation to himself finds its expression. Thus there can be no knowledge which does not contain an element of imagination. In science and practical life we rectify our subjective ideas by reason, *i. e.*, by our essential relation to other things. Religious faith expresses our essential relation to God, the Presence by which our entire existence is determined. . . . Truth can consist only in the fact that these modes of our existence adequately express the relation to an object. . . . In an existential or essential sense a religious idea may well be true even though, or because, it does not entirely coincide with its object, provided that the total existence of man in his relation to his object is adequately expressed in it."

Mr. Frank's is a substantial, scholarly and honest book, a clear statement of a position which does not always express itself clearly or without artful pathos: that of the "existential" Christian. While reading, one has the impression of sharing in a sincere and serious interior debate. The pages on imagination, which contain what appears to be the central theme of the discussion, constitute an original and important restatement of this crucial problem. In this connection, one might mention, in passing, Mr. Frank's remark about the ambiguity of the modern artist "unable to overcome the conflict between objective reality and the ethical concepts which he recognizes as the ultimate criteria

[1] Philosophical Understanding and Religious Truth, by Erich Frank. New York: The Oxford University Press. 219 pages. $2.50.

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of truth on the one hand, and the merely esthetic value of his art on the other." The notes which follow each chapter are not the least impressive part of the volume.

On the whole, Mr. Frank seems to have proved three points: first, that those ultimate, or metaphysical, questions which a narrow interpretation of Kant and of modern philosophy in general tends to consider absurd or unimportant, are, on the contrary, the very foundation of philosophical thought; second, that religious thought *means* something, is related to questions which are objective and not subjective; third, that a certain intellectual and rather individualistic view of Christianity and of the fundamental Christian notions can be plausibly stated in terms of existential philosophy.

On the other hand, it is not clear why metaphysical questioning should lead us back to Augustine, and not, let's say, to the most consistent and radical example of intellectual questioning in the history of the West, namely pre-Aristotelian Greek philosophy. Why, for example, if we agree that the idea of God represents a real problem, should we also accept the Christian solution of it which is so highly problematic? It could very well be that the Christian notion of God, besides involving us in obvious intellectual difficulties, is not even convincing on what Mr. Frank calls the "religious" level. It is possible, to say the least, that the Christian God expresses only in the most general, that is, the most equivocal, sense "our essential relation to . . . the Presence by which our entire existence is determined," as Mr. Frank puts it. In fact it would seem as if in existential terms there should be two quite incommensurable notions of God: one being the relation that we express in the form of our belief, and the other the transcendental object by which ourselves, our belief, and the relation it expresses, are determined. This would be nearer to the Platonic distinction between the Demiurge and the Idea of Good than to Augustine.

While Mr. Frank has made a persuasive case in favor of the intellectual *possibility* of the religious attitude, he has failed to demonstrate the necessity of identifying it with Christianity. It may well be that for us Christianity is the only possible content of the word "religion." But then the case should be one for straight Christianity, with all its implications, and not for the "religious attitude." And when Mr. Frank writes that "a religious idea might well be true," what is implied is certainly not a thoroughgoing and exclusive defense of the Christian religion. Such being the case, and the religious attitude remaining merely possible, it is difficult to escape the conclusion that, in the last analysis, Mr. Frank's is a contribution to the upsetting of certain conventional modes of thought rather than to religious philosophy: to modern *scepsis* rather than faith. This does not detract from its value. On the contrary, nothing is more urgent than the defeat of modern "misology," that hate of questioning against which Parmenides warns the young Socrates, and which, on the intellectual as well as on the moral and the social level, is today so paralyzing.

But one also feels that if everything is to be questioned, and if existentialism is a healthy attitude in so far as it aims at raising and reinstating the metaphysical problem, then, in the same way that there is no reason to stop short of Saint Augustine and Kierkegaard, there is also no reason to stop at them.

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High Targets

The Price of Peace, by Sir William Beveridge. New York: W. W. Norton and Company. 160 pages. $2.

SIR WILLIAM again is setting up high targets. After his exploration of social insurance and full employment, the British Liberal has now turned logically to the basic issues of devising a world system capable of ensuring peace —a peace without which the economic plans of *Social Insurance and Allied Services* and *Full Employment in a Free Society* can have little practical hope of realization.

These high targets are a principal merit of his initial exploration of the jungles of international relations. There can be nothing trite about a clear call for resolute avoidance of half-measures such as those of Versailles and Geneva which permitted the nations to drift into the Second World War. And Beveridge refuses to recognize the feasibility of compromise in the efforts of nations to achieve effective peace mechanisms. He reduces the problem of banishing war to inexorable alternatives: world organization v. dangerous systems of national alliances; achievement of justice through universal mandatory arbitration v. world anarchy and the annihilation of war.

But the fact is that the United Nations at San Francisco did not concede so relentless a set of alternatives. They set up a world organization, yet left room for defensive alliances within the framework of that organization. They limited the jurisdiction of a world court and failed to make arbitration of disputes mandatory while contending that such lesser measures could prevent another war.

But perhaps Beveridge is right. Perhaps the choice really is, as he argues, between Utopia and Hell rather than between Utopia and measures short of that objective. Certainly, there were many delegates at San Francisco with similar views who echoed in committee rooms the Beveridge cry that "we must not be put off with half-measures again." It remains for the initial meeting of the World Assembly and the World Security Council of the United Nations to develop the first data for judgment of the possibility that San Francisco failed to go far enough. It may be that the crash of the first atomic bombs will have a "radioactive" effect on the atmosphere at the initial meetings of the world organization—an effect sufficient to drive the nations closer to Utopia than was possible at San Francisco.

Without foreknowledge of what was to emerge from San Francisco, Beveridge provides here a formula by which such a closer approach might be achieved within the framework of the United Nations Organization, proposing:

a. That all disputes and not merely "justiciable" disputes will be referred to an impartial tribunal;

b. That the great powers in the Security Council will accept arbitration in their own case, being content to be policemen without being judges also, and without being above the law;

c. That the rights of each nation will not depend on the scale of its national armaments or on its alliances.

Such a set of objectives clearly goes beyond the United Nations charter for security. But there is nothing in the charter to prevent any or all of the Big Five, as perma-

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nent members of the World Security Council, from making such concessions.

And, says Beveridge, such is the price of peace.

Aside from the high targets of mandatory arbitration of all international disputes and the call for great-power surrender of special rights, this work is handicapped by the swiftness with which events are now moving. Beveridge dates the preface to this American edition "14th April, 1945." The world-shaking events since that date, obviously, have profoundly modified many of the issues to which he devotes a considerable portion of his modest wordage.

Beveridge was able merely to note with great sadness the death two days before of Franklin D. Roosevelt, whom he termed "one of the greatest world citizens of all times." He could not, of course, weigh the effects of the first atomic bomb which brought the world to a new and breathless realization that annihilation is not an abstraction but a concrete possibility. Moreover, because of its timing, the book could not consider the compromises of San Francisco—then still to be made—in which the special rights and responsibilities of the great powers were defined and the dangers of regional isolationism were skirted. He was too early to appraise the significance of the almost unanimous ratification of the new World Charter in the United States Senate and its subsequent ratification by Great Britain and Soviet Russia. Indeed, he was too early to sense even the imminence of the great events in Britain by which labor soon was to come to power and he himself was to be unseated in Parliament.

There is great need for accurate appraisal of just how much was accomplished by the United Nations at San Francisco. There is still greater need for a skillful look forward into the areas in which the burgeoning world organization can be made to work. It is unfortunate that Beveridge, whose powers of exposition and penchant for eyeing high targets give him some qualifications for the task, did not delay his labors until this was possible.

THOMAS F. REYNOLDS

The Bigger They Come

Big Business in a Democracy, by James Truslow Adams. New York: Charles Scribner's Sons. 291 pages. $2.75.

IN 1929, Mr. James Truslow Adams published *Our Business Civilization*, a book which embodied many of the familiar charges against capitalism and its culture. Looking down from Olympus, Mr. Adams saw a nation corrupted by a vulgar class of profit-seekers. The business man—materialistic, irresponsible and unesthetic—was, in Mr. Adams' words, "a purveyor and not a creator of the real values of a civilization," and he seemed thoroughly convinced that it would be unwise to entrust our national destiny to the whims of this short-sighted if well meaning entrepreneur. But something has happened during the interim. Disturbed by the spectre of New Dealism and the Leviathan state and enraptured by the "romance" of Big Business, Mr. Adams has come down from his perch, and in this book he sees the men whose values he once excoriated as the real saviors of American democracy.

Mr. Adams tells us that his book is neither history nor economics. He is quite right. It is a chatty and meander-

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ing confession of faith in the capacities of Big Business to fulfill the promise of America and a free civilization. More specifically, it is a perfervid tribute to the General Motors Corporation, the biggest business of them all, as an example of what Big Business can do when unfettered by governmental restraints. The first half of the book is a kind of preface to his concrete analysis of a single enterprise. We begin with the prehistoric world and discover that the profit motive is buried in the primordial slime. We learn how individualism and the competitive spirit provided the fulcrum for human progress, and we are assured that while man's environment rapidly changes, man does not. All these truisms are overlooked by the Reformers with whom Mr. Adams carries on a half-friendly, half-angry argument throughout the book. He passes rapidly over the Old World origins of Big Business and then reviews the physiographic and human conditions which made Big Business in America so different from its European counterparts. He concludes the last half of his book with an account of the history and the achievements of GM and proves to his own satisfaction that Big Business can keep us prosperous and free.

In selecting GM as his model of Big Business (a term, by the way, which he never satisfactorily defines), Mr. Adams chose an industry which he still considers is fiercely competitive, the TNEC report on "Competition and Monopoly in American Industry" notwithstanding. Writing in the spirit of a convert, he describes GM's venturesome leadership, its internal democracy, its "business statesmanship," its enlightened labor policy and its industrial accomplishments. Such a record, he implies, should make us less apprehensive about the so-called menace of cartels. GM, he says, has thrived on competition, created new industries and thousands of jobs, and, like all successful businesses in America, has given the public what it wants at prices it could pay. His enthusiastic account soft-pedals or fails to mention certain incidents less creditable to GM—its alleged violation of anti-trust laws, its use of the Ethyl patent and its former system of labor espionage—but he makes clear the tremendous power and resources of the large corporation and lustily states the case for private management against the amateurs who never met a payroll.

This is a perfectly legitimate position and one which has been argued with sincerity by men like Mr. Eric Johnston, but Mr. Adams is neither eloquent nor convincing. Although he can write good history and write it well, this book, with its spurious individualism, its cheap jokes and its coy familiarity, reads like a composite of Herbert Spencer, Parson Weems and Samuel Pettingill. It is replete with references to the alphabet agencies and the slaughtered little pigs; it tiresomely contrasts red-blooded executives who pulled themselves up by their proverbial bootstraps with a disingenuous bureaucracy which oppresses them. Mr. Adams flatly announces that the alternative to free enterprise as he understands it is communism, that freedom and security are incompatible, and that the majority of the "*real* Americans" repudiate, "in spite of the Depression, the coddling philosophy of the New Deal." In his efforts to magnify industry's contributions to the war effort, he completely ignores government's role in organizing this collective enterprise and the providing of an almost inexhaustible demand for manufactured goods. In general, Mr. Adams seems to be writing entirely for the edification of the GM officials who furnished him with the essential and "*accurate* information" about their corporation.

Our Business Civilization, for all its conservatism and latent snobbishness, was an honest book which made no concession to the established political and economic amenities. At that time, Mr. Adams was a social critic, not a booster. He was attempting to grasp the social implications of business enterprise in our culture and to illustrate how business ideals and objectives might prove inimical to the achievement of a "fully rounded life." He placed less faith in mass production; he was less inclined to measure progress by the increased use of porcelain tubs and flush toilets. In *Big Business in a Democracy*, he has recanted his earlier heresies and hitched his wagon to the star of Business and Science ("but, my God!" he writes, "think of Chemistry") and gives his allegiance to the man with the "know-how." He has conjured up a soy-bean world in which Americans with plenty of get-up and go will all drive to work in Chevrolets. His GM utopia, devoid of planners and bureaucrats, will at last permit free enterprise to cut loose and create the brave new universe.

Like many other *Have Faith in Industry* books, Mr. Adams' raises a genuine and serious question in a setting of dubious generalizations. If you kill the goose of individualism, he asks, who will lay the eggs of national income? Direction by government agencies, he argues, destroys the incentives which produce inventions and jobs and industries. Recent events have partially disproved the last contention, but it remains to be seen whether the same

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teamwork that went into the research and manufacture of the atomic bomb can be effected in a peacetime economy. Security itself, as Mr. Thurman Arnold has observed, will not destroy individual incentives, because wants always exceed mere subsistence living, but security does not necessarily stimulate incentive. Nevertheless, Mr. Adams' picture of the typical American who is never satisfied with a fixed income, no matter how high, is a bit far-fetched. And so is his assumption that all social progress can be attributed to individual initiative alone. It is highly characteristic of him and his school to underestimate the collective energies of society and the part which the state has played in fostering, protecting and assisting the extremely individualistic organizations he celebrates. After all, if General Motors made the cars which transformed America, the state and federal governments built the extensive road systems on which they could run.

Big Business in a Democracy ends on a note of hope. Mr. Adams expresses his trust in the American people under business leadership and urges us to exploit the new frontiers which lie ahead. Many of his readers will find his faith in big and little executives ("I *love* them. *They will carry on*") exhilarating. Others will prefer Mr. Adams' earlier, quieter and more bearish moods when he was detached from his subject and unmoved by the glamor of the Mellon Institute and the romance of Carnegie-Illinois Steel.

DANIEL AARON

Community Counter-Attack

The Story of the Springfield Plan, by Clarence I. Chatto and Alice L. Halligan. New York: Barnes and Noble, Inc. 201 pages. $2.75.
The Springfield Plan, by Alexander Alland and James Waterman Wise. New York: The Viking Press. 136 pages. $2.50.

THE SPRINGFIELD PLAN got the widespread publicity it deserved largely as a community counter-attack on divisive hate propaganda. These two books show that it is more than a negation of evil; it is a positive program to create, not only inter-group amity, but a spirit of democracy and a sense of civic responsibilty in the citizens of the future.

The book by Mr. Chatto and Miss Halligan (Curriculum Director and Director of Adult Education in Springfield, respectively) is more informative and a far better guide to what the plan really is than the volume of excellent photographs by Mr. Alland with its unnecessarily simple text by Mr. Wise, which reads, at times, like a piece of elementary-school curriculum. The former includes, in addition to photographs, an appendix with samples of the "working tools"—discussion programs, lesson-plans and playlets—used in Springfield schools.

The program is explained as it relates to teachers and school administrators and to civic organizations as well as to students. The classroom techniques are not new, but projects and excursions from the third grade on are built on themes that emphasize the diverse national and religious heritage of Americans, and the importance of all groups to the nation. Practical training in democracy is offered by

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In *The Story of the Springfield Plan* we get a model, valuable though complex, which seems of great use for many middle-sized cities, at least in the North.

NAOMI HOROWITZ

A Reader's List

PLANNING No. 238. The Disabled Ex-Serviceman (Political and Economic Planning. Available through the *New Republic*, 25 cents). This broadsheet is apparently the first of several which will discuss the problems of Britain's returning servicemen. The editors review the steps thus far taken to assure satisfactory readjustment for disabled veterans and find that they are inadequate in many respects. Abstracts of a few case histories illustrate their contention that retraining without follow-up and careful job analysis does not achieve effective adaptation to normal community life. The broadsheet also emphasizes the need for coördinating government agencies responsible for veterans' assistance. The success of any rehabilitation program, however, requires a corps of well trained social workers, and that, says PEP, is still lacking. Rehabilitation personnel, it finds, are frequently unappreciative of the insuperable psychological barriers which often impede the process of adjustment. Yet resettlement "can never be wholly successful without the understanding and assistance of the whole community, and in particular, of the ex-serviceman's employer and fellow workers." This demands an educational campaign which will stress the veterans' need for a sense of belonging. If returning soldiers feel that they are wanted, says PEP, then "the rest of us can repay part of the debt which we owe to them."

THE PORTABLE F. SCOTT FITZGERALD, selected by Dorothy Parker, with an introduction by John O'Hara (Viking, $2). Mrs Parker has chosen Fitzgerald's two best completed novels, *The Great Gatsby* and *Tender Is the Night*, and nine short stories sufficiently varied to bear out Mr. O'Hara's contention that Fitzgerald "left the Plaza Hotel on occasion." The new (and the old) crop of Fitzgerald addicts will no doubt quarrel with the selection, but aside from the understandable absence of the unfinished *The Last Tycoon*, the general reader may agree that this handsome and inexpensive volume contains the essential Fitzgerald. Mr. O'Hara's laudatory introduction reveals, however, that he still has much to learn from his master on the score of style and plain good taste.

NAKED CITY, by Weegee (Essential Books, $4). Here are more than 200 photographs with captions by one of New York's greatest chroniclers. With his old Chevrolet equipped with short-wave radio and his room across the street from police headquarters, Weegee is always alerted for murders, accidents, fires or any other kind of disaster—all startlingly recorded here. But he is capable also of more quiet and casual reporting. Thus his series, "Sunday Morning in Manhattan," includes people sleeping on fire escapes, on park benches and in missions. His studies of bobby-soxers at the Paramount, a night at the Opera, the Bowery, Harlem and Coney Island are all pretty wonderful, because they're all of people—and none of them posed.

CRIME AND PUNISHMENT

THE WRONG MAN, by H. C. Bailey (Crime Club, $2). Colonel Joe Baker, an American on leave in England, looks up the wife of a British pal, Captain Bill Thirl, who had saved Baker's life at Anzio. Mrs. Thirl doesn't seem too worried about Bill, though she hasn't heard from him in many months. But someone is worried about Baker's inquiries, for almost immediately a friend of Mrs. Thirl's is murdered. Baker, getting nowhere alone, hires Joshua Clunk to investigate. Mr. C., in excellent form, untangles the threads of a neat and nasty piece of work. Only a so-so job.

Contributors

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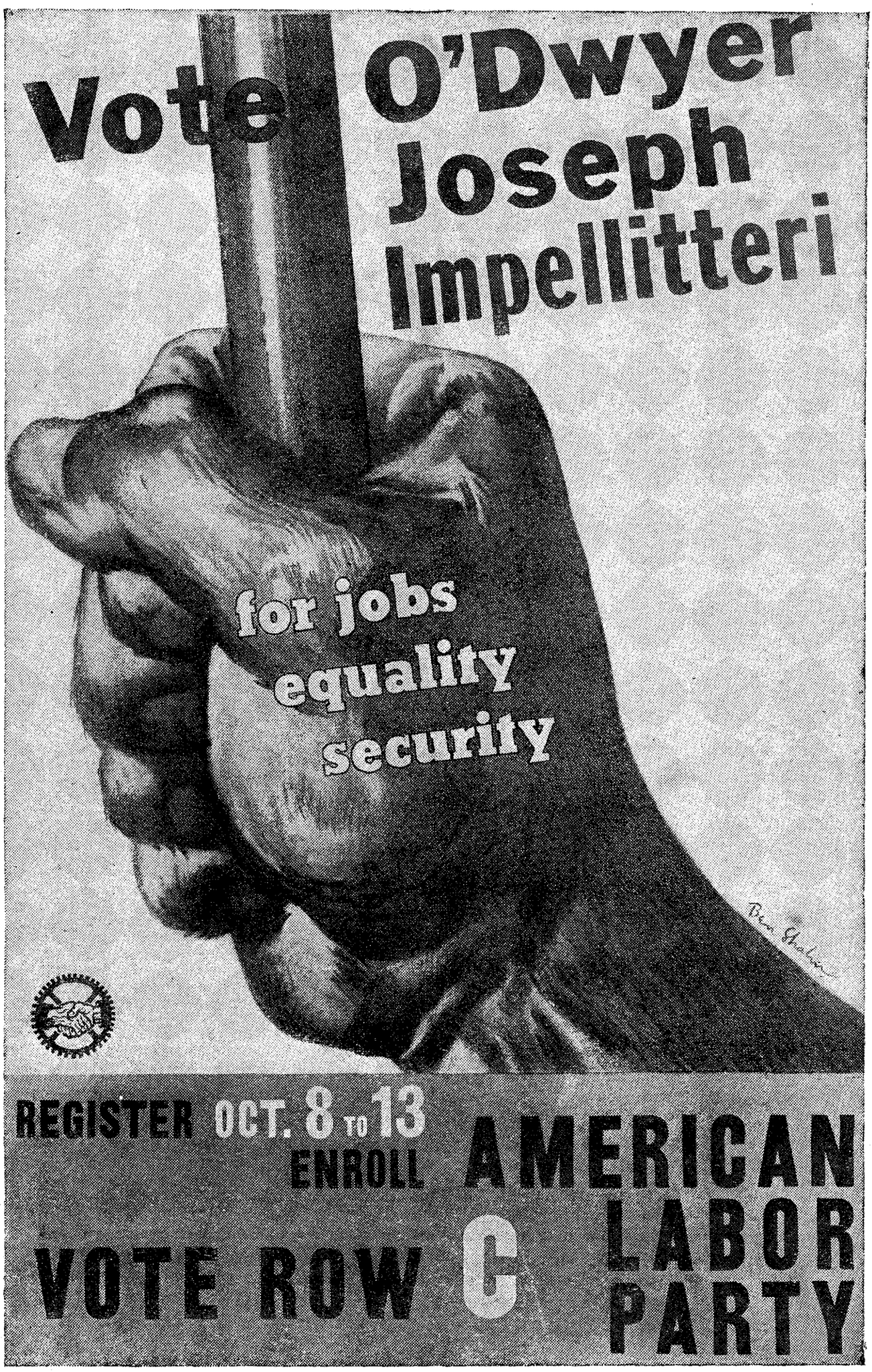

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The Road to Freedom

—*Full Employment*

The Meaning of Jobs for All

TO MAKE SURE that there will always be enough jobs so that everyone who wants to work for a wage or salary may have employment would seem so obviously desirable that there should be no need to discuss the nature of the goal. Yet if this objective were achieved it would bring about such important changes in the nature of our society that few of those who want it understand its more far-reaching implications. There are even some who believe that it would have undesirable consequences and oppose the entire project.

In the first place it is necessary to be a little more precise about what we mean by full employment. No advocate of full-employment policy expects that at any given time every member of the labor force would have a job. There are always some changing from one place of employment to another, who are out of work in the course of transition. We speak here not of persons who voluntarily shift jobs, but of those who are forced to move about because some employers or industries decline while others are advancing. Changes of this kind are inevitable in a progressive economy characterized by technological change. If we attempted to abolish "frictional" unemployment we might have to keep on making carriages or horseshoes which were no longer wanted, while the automobile industry could not get enough workers.

What is meant by the term is rather a balance between the total number of employment opportunities and the total number of those willing and able to work. Some advocates of "a high level of employment" believe that while we should strive always to maintain prosperous conditions, there ought to be slightly fewer available jobs than persons seeking them. Others, like Sir William Beveridge, distinguish their demand for full employment from the more conservative programs by the belief that the number of employment opportunities should always be greater than the labor supply. They believe it is more important for the sake of individual freedom, the dignity of the personality and general social welfare that the worker should have a choice among available jobs than that the employer should have a choice among available workers.

We may define full employment, then, as a situation in which, while there would be a shortage of labor in some areas or occupations and a surplus of labor in others, the total of employment opportunities would be at least equal to the total number seeking work, and as a rule slightly larger.

Our experience with periods of labor shortage indicates that its first effect is greatly to increase the bargaining power of labor, both individually and collectively. This results in steady improvement of wages and working conditions, up to the limit set by productive capacity. It means that employers must seek to make employment attractive, since the workers are no longer motivated by the fear of losing their jobs. A shift of workers from the less pleasant and remunerative occupations occurs, so that standards are raised at the lower levels. For instance, under steady full employment, it will be extremely difficult to obtain people for domestic service without such reorganization of the conditions of work and the levels of pay that housework becomes more agreeable.

More far-reaching results also may be expected. Shortage of labor puts pressure on employers to adopt machine processes and other labor-saving devices, which increase the productivity of industry. This is particularly true in so-called "dirty work," where people formerly have been induced by fear of starvation to engage in arduous duties. The status of labor will improve, since employers can no longer rely upon the discipline of discharge to enforce authority. The tendency will be for labor to have more participation in industrial and economic policy. Workers will have the incentive to pay attention to larger problems and to encourage improvements in processes and production, since they will no longer fear that technological change will throw them on the streets.

The problem of providing full employment is essentially the problem of producing and distributing far more goods and services than the nation has ever had. We shall probably have to turn out about 50 percent more than before the war if full employment is to exist after it. This means a tremendous opportunity to increase standards of living, especially at the lower levels, to eradicate slums, rebuild cities and provide immeasurably better housing, to expand and improve education, health services and recreation, and to take all the

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measures necessary to conserve our natural resources. Better nutrition will provide ample markets for the farmers. In the end, if a time ever comes when all the people have all the goods and services they want, there can be still further increases in leisure and non-commercial creative activity.

Those who oppose full employment do not see how people can be kept doing the things which need to be done, and doing them efficiently, when there is no more fear of losing a job. They also fear that the increase in bargaining power of labor will push wages up so that they cannot be paid without inflationary price increases. Both dangers of course exist. If we are to have full employment, we must find substitutes for labor discipline of the old types. It is in accord with the spirit of democracy, however, that increased power of labor should be accompanied by an increased sense of responsibility.

Desirable as would be the results of full employment at home, its effect in promoting international welfare and peace would be even more essential. It may almost be said that full employment in this country is the indispensable cornerstone of our hopes for a better world. The United States is by far the richest and most productive nation. When it is prosperous the world can be prosperous, and when it is depressed the world cannot escape depression. In 1929 its imports accounted for more than 12 percent of the total imports of all the nations, being exceeded only by the United Kingdom. In 1927 and '28, its consumption of nine principal raw materials and foodstuffs was 39 percent of the total for the 15 most important commercial nations. When our people are fully employed, our industries and individual consumers buy immense amounts of the products of other peoples, and when they are out of work the rest of the world cannot sell nearly all it can make.

Full employment in the United States is of particular importance for good Anglo-American relations. In order to purchase necessary supplies abroad during the war, the English had to sacrifice a large part of their foreign investments, with the result that their purchasing power for imports is greatly decreased. They can buy the imported food and materials they need only by increasing their exports of goods by 50 percent or more above prewar levels.

When times are bad, cutthroat competition develops between our exporters and those of England, and ill feeling is increased. If we have full employment, we shall not be so tempted to push our exports by discriminatory methods, which arouse foreign opposition. The same is true of other nations as well. An expanding world economy, such as would be favored by full production in the United States, would make infinitely easier the solution of all international problems.

What the Bill Proposes

On December 18, 1944, a year-end report on the subject of reconversion legislation was made public by the War Contracts Subcommittee of the Senate Military Affairs Committee. This significant document, signed and endorsed by Senators James E. Murray and Harry S. Truman, contained not only an incisive analysis of the postwar employment problem but a suggested draft of a legislative act to meet that problem. This draft, based on proposals submitted to Congress the preceding August by President James Patton of the National Farmers' Union, was subsequently revised and introduced in the Seventy-ninth Congress as the full-employment bill of 1945.

It would be disastrous to assume that passage of the full-employment bill would solve America's postwar problems. It is as essential to understand what the bill does *not* do as it is to recognize how important it could be in the nation's economic life. The bill does *not* guarantee full employment, or 60 million jobs, or any other specified number of jobs; it does *not* guarantee jobs for specific individuals or profits to specific business enterprises; it is *not* an appropriation measure; it is *not* a public-works bill, either PWA or WPA; it does *not* create a planned economy; it does *not* concern itself with the problems of federal-government control over prices, wages, private employment or production schedules; it is *not*, by itself, a sufficient postwar economic program. What, then, is this bill?

Essentially, the full-employment bill (a mere 269 lines of readable English as introduced) offers (a) a statement of government policy and (b) a democratic procedure within which a complete economic program can be worked out.

Policy. – (1) It may come as a surprise, pleasant or unpleasant depending on one's convictions, that the first clause in a bill designed to assure full employment declares that it is "the policy of the United States to foster free competitive enterprise." Despite the rather gratuitous criticisms leveled at this phase of the bill, both from the Right and the Left, its authors have been completely honest in making this point. It is their conception that the full-employment bill places the burden upon American capitalism.

(2) The bill declares that "*all Americans able to work and seeking work have the right to useful, remunerative, regular and full-time employment.*" These are the words that have made the bill a fighting issue; these are the words that will provide the subject of the great debate in Congress. Indeed, if the bill contained no words other than these eighteen, its passage would be a major step in the progressive development of America. This is writing into law the principal point of

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President Roosevelt's Economic Bill of Rights: the Right to Work.

(3) Finally, as a matter of policy, the bill declares that it is the responsibility of the federal government to provide such volume of federal investment and expenditure as may be needed to assure full employment, *so far as private, state and municipal enterprises fall short thereof*. This is the meat of the compensatory theory of economics.

Procedure.—(1) The Executive. Each year the President must submit to Congress a National Production and Employment Budget. This national budget is the great procedural contribution made by the bill. In the budget, the President is to estimate (a) the size of the labor force, (b) the total volume of investment and expenditure required to employ that labor force, and (c) the total *prospective* investment and expenditure for the next ensuing period.

If items (b) and (c) in the President's National Budget are roughly equivalent, clearly there is no cause for alarm. The businessmen who profess such unbounded optimism in discussing postwar employment should welcome the full-employment bill because, if their optimism is justified, the only effect of the bill would be to give official recognition to the magic of the open market, the law of supply and demand, etc. Unfortunately, however, items (b) and (c) in the budget may not always coincide. And the businessmen know it; hence the opposition of many of them.

If item (c), the prospective volume of investment and expenditure, is either greater or less than item (b), the total volume necessary for full employment, the President is instructed to include in his National Budget a general economic program for bridging the inflationary or deflationary gap. The bill states that this program "may include, but need not be limited to," such matters as banking and currency, monopoly and competition, wages and working conditions, foreign trade and investment, agriculture, taxation, social security, the development of natural resources, "and other matters as may directly or indirectly affect the level of non-federal investment and expenditure."

In the immediate future there seems little danger that the postwar volume of investment and expenditure will be excessive, and consequently the controversial aspect of the bill is not involved in that possibility. If, however, as is far more likely, the prospective gross national product seems, according to the President's estimate, to be insufficient to provide full employment, and if the suggested changes in economic policy will not suffice to eliminate the deficiency, then and only then, as a last resort, the President is required to submit as part of the National Budget a program of federal expenditure (public works) sufficient to assure a full-employment volume of production. It is specifically written into the bill that such public works shall be constructed by private concerns "under contracts awarded in accordance with applicable laws," in other words, not WPA but PWA.

The whole procedure can be explained more simply by assuming a few hypothetical figures. Let us suppose that the President's budget estimates the total labor force at 60 million, the total volume of investment essential to employ that labor force at $170 billion, and the prospective volume of investment by private industry, consumers, state, local and federal governments at $150 billion. In this event, there is clearly a gap of $20 billion. The President must then recommend an economic program to fill that gap. If, in his opinion, that cannot be fully accomplished by changes in economic policy, then he must submit a program of public works sufficient to do so.

The Legislature.—The President's budget is submitted to a newly established Joint Committee on the National Budget, composed of the ranking majority and minority members of the House and Senate fiscal and labor committees, plus seven additional members of the House appointed by the Speaker and seven members of the Senate appointed by the president of that body. The party representation on the joint committee is to reflect the relative strength of the parties in the two bodies. This joint committee studies the entire budget, and reports its findings to the House and Senate, together with a joint resolution establishing general policy for the next fiscal year. The joint resolution, when passed, serves as a guide to the committees which will deal with specific aspects of legislation relating to the National Budget.

Finally, the President is required to review all federal investments and expenditures every three months, and is empowered to vary the rate of expenditure within the limitations of appropriations made by Congress.

This, then, in its simplest terms, is the full-employment bill: a policy and a procedure. Full employment in America can never be guaranteed by one legislative act, any more than the San Francisco Charter can, in and of itself, guarantee everlasting peace. But the bill is an essential step in the right direction. Under it the entire national economy would every year become a focus for responsible debate and discussion before a streamlined congressional committee.

Perhaps the bill's most important feature is the assignment of responsibility to the executive and legislative branches of our government. Obviously the President can present a completely adequate program, and Congress can then thumb its collective nose at that program. That is as it should be. It then becomes the responsibility of the people to elect a better Congress. As Henry Wallace has said, "The proposed National . . . Budget would provide a method of political accountability to the people of our country—a yardstick by which the common man can measure the extent to which he has been properly served by his representatives in the government."

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The National Budget

THE LAST budget message of President Roosevelt, presented to Congress in January, 1945, contained for the first time in our history not only the familiar federal budget of receipts and expenditures, but also a truly National Budget. This budget message is a landmark in planning for full employment. It is the forerunner of the National Production and Employment Budget of the Murray full-employment bill.

While the budget of the federal government is limited to a statement of receipts and expenditures, the National Budget presents an over-all picture of the receipts and outlays of the various component parts of the national budget. The component parts of the national economy, which together give the total outlays that constitute the demand for goods and services as a whole, are outlays: (1) by private consumers for consumers' goods and services; (2) by business, whether corporations, partnerships or individuals, for capital goods (plant, equipment, inventories, houses, foreign investment); (3) by state and local governments for (a) current governmental services and (b) public works and improvement projects; and (4) by the federal government for current services and public improvements.

These combined *expenditures* or *outlays* constitute the total dollar demand for goods and services. The *receipts* listed in the National Budget indicate the sources of funds from which the outlays are made. Thus the expenditures of consumers are made out of disposable income (income received by individuals after taxes are deducted). Business outlays (capital goods) are made from: (a) savings of individuals (b) the retained earnings of business units, and (c) depreciation and other business reserves. The outlays of government are made from funds derived from (a) taxes and (b) borrowing from the savings of individuals or business units.

To be sure, some of the outlays of individuals, business units and government are made from new funds created outright by the banking system—bank credit. The expenditure of these newly created funds, however, in any given year becomes payments to individuals or business concerns and thus shows up at the end of the year as income receipts. This rather complicated subject, which has given rise to endless confusion even among economists, cannot be discussed in detail here.

Put very briefly, the country's gross national product (the money value of all goods and services produced in any given year) is equal to: (1) consumer expenditures, (2) gross capital outlays (replacement and new), (3) government outlays for goods and services (transfer expenditures such as social-security payments excluded). On the other side, the total receipts of the various economic groups in the economy are disposed of as follows: (1) consumption outlays, (2) savings (business and personal), and (3) taxes (business and personal).

When total gross savings (business and personal) equal total private capital outlays, it necessarily follows that government expenditures are covered by taxes. On the other hand, part of the savings of individuals and of business may be invested in government securities. In this event, current savings move partly into private capital formation and partly are used to cover government expenditures, whether for current services or public works.

In the National Budget set forth in the last Roosevelt budget message, the $10.9 billion of private capital formation was financed to the extent of $8.3 billion from business undistributed profits and reserves and $2.6 billion from personal savings. Government outlays—federal, state and local—of $18.4 billion were financed from a total of $15.4 billion of taxes and $3 billion of borrowing from the public.

The most significant part of the Murray full-employment bill is the section on the National Budget. If this bill is passed, the President will hereafter set forth annually not only the federal budget but also a National Budget containing estimates of the aggregate volume of outlays required to provide adequate markets, at a substantially stable price level, for the total volume of goods and services which the labor force under current technological conditions can produce at full employment. The annual National Budget would be followed by supplementary reports, which probably ought to be made every three months.

By this procedure the eyes of the entire nation, through the Executive Office of the President, would be focused upon the past trends and current developments in the economy as a whole, with special reference to employment and production. We should be taking stock periodically of how the economy is going and to what degree we are succeeding or failing in achieving the goals of full employment, adequate business volume, rising living standards and stability in the cost of living and in the general level of prices. No modern government can efficiently perform its functions without such an over-all view.

Let no one say that the Murray bill is of little significance since it does not supply the answer to the problem of full employment. If this bill is passed and a National Budget is presented every year with supplementary quarterly reports, a great step forward will have been taken.

In the National Budget the President should set forth past trends and current developments (together

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with such analyses of foreseeable trends as he may deem appropriate) of the size and composition of the labor force, employment and unemployment in different areas, productivity, income payments, consumption expenditure, capital formation, prices—both industrial and agricultural—cost of living, foreign trade and investment, and other relevant matters.

On the basis of these data, he should determine how far we are falling short of the full-employment goal, whether per-capita productivity is increasing as rapidly as can reasonably be expected, whether we are making satisfactory progress toward rising living standards generally, and how far we are succeeding in maintaining a substantially stable level of prices with special reference to the cost of living. The message should, moreover, contain recommendations with respect to policy decisions.

Without going into unnecessary detail, let us consider in broad outlines how the National Budget might work out under varying conditions. Consider for example the year 1947. Let us assume that we are in the midst of a vast restocking boom. Reconversion has been completed and civilian production is going full blast, but shortages have not yet been made up. Consumers are eagerly using current income and part of their savings and consumer credit to satisfy long-felt wants for all manner of new and attractive durable consumers' goods—electric appliances of all kinds, automobiles, radios, furniture, clothing, etc. New houses are being built, business plant expanded and new machinery installed. State and local governments are everywhere being urged to make up deficiencies in public works and public-improvement projects caused by the war. Past trends and current developments point, let us say, toward an inflationary boom.

The President in the National Budget can set out with high accuracy the estimates of past trends and current developments. He cannot be expected to make an accurate forecast of the ensuing year, but he can set up the alternative possible situations which may confront us in view of past trends and current developments. The essence of the planning involved in the Murray full-employment bill is to be prepared for all eventualities. It is possible to give information, based on broad statistical data, which is useful for policy decisions.

Let us assume that one of the possibilities that we might be confronted with in the year 1947 could be summarized in the following table:

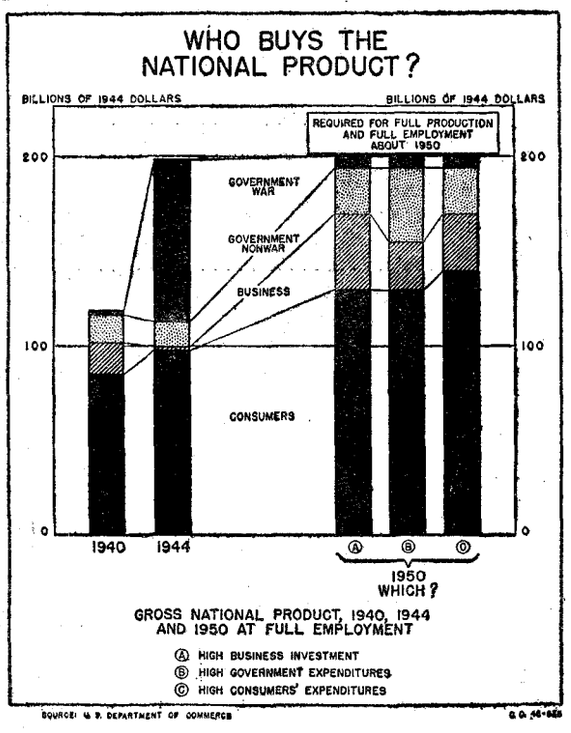
Consumption Expenditures	$130 billion
Private capital formation (houses, business plant, equipment, inventory accumulation, foreign investment)	40 billion
Projected state and local expenditures	10 billion
Projected federal expenditures	30 billion
Total	$210 billion

Should such a volume of outlays actually eventuate in 1947, we could be certain that we should be experiencing an inflationary development.[1]

At current prices, $185-billion gross is all that we could reasonably expect to produce in the year 1947. If the outlays, therefore, equaled $210 billion, we should have a strong upward pressure on prices.

The President may have found in his survey of past trends and current developments that an inflationary tendency was already under way. He might, therefore, appropriately recommend tightening up on consumer instalment credit, stiffening the FHA home-financing regulations and, in general, restricting the lending operations of various governmental credit agencies. Federal aid to state and local public works and improvement projects could be curtailed and the federal budget reduced, if necessary, to the minimum limits consistent with the continued performance of necessary government services. The President might, moreover, recommend an increase in the basic income-tax rate, subject to administrative control within limits imposed by Congress.

If action is taken in time, it is reasonable to suppose that these and other measures could reduce the total volume of outlays from the anticipated $210 billion, with its inflationary implications, to the $185 billion consistent with substantial price stability. If, however,



[1] While $200-billion gross national product (at the general price index as of 1944) is a reasonable figure for the year 1950, at current prices it is not probable that more than $185 billion could be produced in 1947. It is reasonable to suppose that the increase in labor force of more than a million and a half from 1947 to 1950, together with the continuous increase in man-hour productivity, would raise the full-employment national product by at least $15 billion in this three-year period. Thus $185 billion is the 1947 counterpart of a $200-billion gross national product in 1950. If we prefer to measure the gross national product in terms of the 1942 price level, the 1947 full-employment product would be around $170 billion.

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developments had already been permitted to run their course until powerful inflationary tendencies were at work, it would be much more difficult to stop the process. This emphasizes the importance of a continuous periodic assessment of the course of events. Moreover, such an assessment will make it possible quickly to correct any too vigorous action taken in either an anti-inflationary or an anti-deflationary direction.

It will not do to argue, as many timid people already have, that the continuous adjustment to changing conditions which a periodic quarterly survey would call for represents an insuperable task. Unless we are prepared to make continuous adjustment to change, we shall inevitably reconcile ourselves to a program of inaction until conditions have become truly desperate. The alternatives confronting us are: (a) the arduous task of continuous assessment of events and the making of adjustments to changing conditions, or (b) waiting until pronounced inflation or deep depression and mass unemployment are already upon us.

Again let us consider the situation that might confront us in the year 1950. Let us assume that a full-employment product in 1950 (at the general price index of 1944) is $200 billion. Let us assume, however, that the restocking boom is over and that past trends and current developments point toward inadequate total outlays by individuals, business and government. The outlays required from the various industrial groups to produce an income of $200 billion might, for example, be set down as follows:

Consumer expenditures	$135 billion
Private capital formation	30 billion
State and local outlays	10 billion
Federal outlays	25 billion
Total	$200 billion

Assume now, however, that private-investment outlays are declining rapidly and that a possible eventuality is a total volume of private capital investment of only $15 or $20 billion. Under such conditions, with impending unemployment, consumers' outlay could easily fall to $115 billion. This would mean, then, total outlays on goods and services by individuals, business and government of only $165 to $170 billion—far short of the $200 billion required to provide full employment at a substantially stable level of prices.

Once the gross national product had fallen to $160 billion, drastic steps would be necessary. In the early stages, relatively modest measures may be adequate.

In the circumstances indicated, various measures could be taken, first in the area of consumer and investment credit—both private and governmental; second, a reduction of the basic income-tax rate to stimulate consumption; third, increased federal aid to state and local public works and development projects; and finally, a rapid stepping-up of federal outlays on programs already thoroughly prepared in a long-range public improvement and development plan—projects which promote the general welfare and open up new private-investment opportunities.

To ensure that such federal outlays would really contribute to the national welfare, the President in each National Budget message should include a well prepared long-range plan of public development and improvement projects, including grants-in-aid programs, the initiation of which may appropriately be deferred or advanced according to business conditions. The President should submit, as a part of each National Budget, such proposed authorizations for public-investment projects as he may deem necessary to ensure that there shall be on hand an adequate long-range program of advanced plans and authorizations.

In referring specifically to conditions that might conceivably confront us in the years 1947 to 1950, we have centered attention on programs which can immediately be introduced. Under the varying circumstances indicated, however, the President should also take stock of deep-seated conditions which, in part, may be responsible for the current developments, and he should make recommendations dealing with these basic long-range maladjustments. It may be that there are fundamental difficulties in the tax structure; it may be that there are fundamental maladjustments in the wage structure; it may be that monopolistic and other restrictive practices of labor unions and corporations need to be dealt with. The President would be remiss in his duty if he failed to point out such maladjustments in the economy. And if he should so fail, it could be expected that, in the joint congressional committee to which the budget message would be sent, maladjustments and unsound economic conditions would be exposed. The National Budget would serve to focus attention not only on the current flow of private and public outlays, but also on the basic underlying functioning of the price system and the various interdependent segments of the market economy. A continuous appraisal of the defects, deficiencies and maladjustments in the functioning of the economy will, it may be expected, contribute greatly to a continuous job of renovating and reconditioning without which the economic machine will inevitably run down and deteriorate.

The National Budget is a frame of reference, a standard, from which performance or lack of performance can be judged. It is a pattern against which to frame a program. It is the mariner's chart by which those responsible for government policy can judge how far the economy is deviating from the course mapped out. The National Budget can and should become the effective instrument by which the President and Congress will ask the right questions. Asking the right questions, and asking them in time, is the first step toward finding the correct answers.

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Possible Employment Policies

THE INCREASE in our employment from 1939 to the war peak was due primarily, of course, to the war spending. This is shown in the national budget figures for 1944 as compared to 1939 or 1941:

EXPENDITURES FOR GROSS NATIONAL PRODUCT[1]
(In Billions of Dollars)

Purchaser of finished products	—1939—	—1941—	—1944—
Individuals	62	75	97
Business	11	19	3
Government	16	26	98
State and local	8	8	7
Federal	8	18	91
Total	89	120	198

The increase in federal expenditures from $8 to $18 billion by 1941, and to $91 billion by 1944 drove the individual and business sections of the economy to the high levels of employment and output we have recently experienced.

In considering various employment policies, as provided for in the full-employment bill or as missing there, we must ask whether such policies make jobs by affecting the purchases of individuals, the purchases of business or the purchases of government. Only by increasing one of these three lines of outlay can the number of jobs be increased within our capitalistic system.

Measures to Increase Expenditures by Individuals.—A large and sustained increase in consumer expenditures is essential if full employment is to be maintained in time of peace. With no change in present price levels, purchases of goods and services by individuals for their own consumption may need to rise eventually to about $125 billion, to support their share of the markets for what we would produce at full consumption. Here are some of the measures that would help attain such an end:

Minimum-wage laws to raise the buying power of the lowest income groups.

Farm policies to ensure continued good buying power by this frequently depressed group.

Low-price and large-volume policies by business.

High-wage policies. The low prices and high wages should go together. Technological improvement means a constantly rising output of goods per hour of work. A substantial part of this increase must be reflected in lower prices and higher wages if the buying power of the mass of our consumers is to keep step.

Enforce vigorously and extend the anti-trust laws, ban international cartels and encourage new competitive small (and large) business enterprises so that active competition will encourage efficiency and drive down prices as real costs of production are reduced.

Eliminate all economic discriminations based on race or religion, and aid underprivileged groups to acquire the education, knowledge and technical skills to fit themselves for more productive and remunerative work.

Support organized labor to maintain and improve the collective-bargaining position of labor.

Relax those labor-union controls which limit output or hold back increased efficiency, such as "featherbedding" rules which require the use of unnecessary men on railroads, or apprentice rules or initiation fees which bar men from entry into certain occupations.

Extend social security to all groups, raise benefit levels and shift the source of funds from payroll taxes to the general revenues. This will raise expenditures directly by giving people more money to spend, and indirectly by reducing the compulsion to save for future emergencies. Provision of medical insurance would have a similar effect.

Reduce taxes which bear on low-income groups—especially sales and excise taxes, payroll taxes and lower-bracket income taxes (below $3,000 net annual income). The full-employment bill provides for recommendations to Congress for tax changes. It might well provide also for a flexible tax policy, with the President having the power to reduce income-tax withholdings if unemployment is spreading, and to raise them again if there is little unemployment and inflation is threatened, both within the limits of top tax levels set by the Congress.

Shift state and local taxes from a real-property basis to an income basis, and so reduce the burden of fixed taxes on farmers and other low-income groups.

Provide vacations with pay to all employed workers, to encourage expenditures for consumption (and also to make life more worth living).

Reduce normal working hours per week gradually, and establish a five-day week in all industries.

Develop informational and educational services to encourage rising standards of consumption in housing, recreation, food and clothing, etc., as well as in music and art, and to encourage domestic and foreign travel.

Make relief payments to those without income, or distribute a "social dividend" to everyone to increase the buying power of the population generally. This

[1] Source: National Budgets for Full Employment, National Planning Association, Planning Pamphlet 44, 1945.
(In this table, only the final products are counted—to eliminate the duplication when raw materials are sold from farmers to manufacturers or goods are sold from wholesalers to retailers. Only the final purchase of the goods or services by the user is shown.)

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last item lies outside anything authorized in the pending full-employment bill, but is the heart of the well known Social Credit proposal, and is noted here for completeness. Separation payments to war-plant workers or bonuses to veterans would serve a similar purpose—to add directly to the disposable income of the mass of the people.

Measures to Increase Expenditures by Business.—Business(*i. e.,* investment) expenditures are expected to run high in the first few postwar years. Thereafter most students feel business expenditures of between $20 and $30 billion would be the most that could be kept up—even at full employment. Following are ways these might be maximized:

Reduce taxes that discriminate against risk-taking. Readjust methods of corporate taxation so as to tax funds devoted to interest payments (on bonds, etc.) no less heavily than funds devoted to dividends on stock.

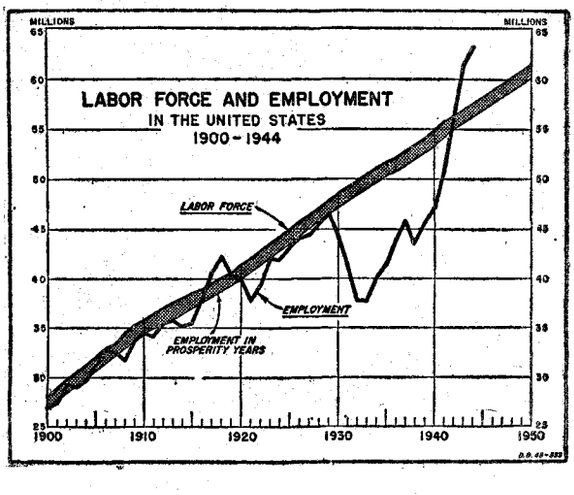
Encourage small corporations. Raise the minimum tax exemptions materially so as to permit small businesses to develop substantial capital from earnings, on condition that it is invested in new plant, equipment and goods in process.

Prevent piling up unused depreciation and depletion reserves. American business regularly withholds funds from expenditure far in excess of its actual expenditures for the replacement of worn-out facilities.

Provide capital more freely and cheaply to start new small businesses and so increase investment. Make the Smaller War Plants Corporation a permanent peacetime agency, setting up local capital pools for risk-taking investment, and providing public funds in some way for equity investment, are all possible procedures.

Encourage small towns and under-industrialized regions to study their opportunities and build up new job-making industries. Provide research and economic and industrial service to industry by the Department of Commerce and state universities.

Abolish all taxes on corporate earnings to prevent the double taxation first on profits and then on dividends. This proposal, which ranks high with all business groups, is of doubtful effectiveness. Certainly reduction in wartime business taxes is desirable. If all profit taxes were eliminated, however, in view of the limited effectiveness of competition in many lines of American business, it is not at all clear how much of such reduction would be passed on as lower prices or higher wages, and how much would be retained as greatly increased profits and dividends.



Prevent business hoarding of undistributed profits by some form of penalty tax on those profits neither paid out as dividends nor invested in physical plant expansion.

Abolish all forms of monopoly that restrict entry into business or limit the amount of expansion—including "rings" of building-material suppliers and single-monopoly corporations. In the latter case, take over for public operation if public regulation proves ineffective.

Modify patent and trademark laws to reduce the tendencies to monopolistic limits on competition. Require licensing of patents to competitors at reasonable fees. The objective of the patent system must again be to reward inventors, not to support monopoly.

Keep interest rates low, and provide adequate sources of credit to all classes of industry. Extend to business a wide range of public credit like that provided farmers through the Farm Credit System.

Measures to Increase Expenditures by Government.—As contrasted with the $16-billion government purchases of prewar, and the near $100 billion of the war peak, most students expect the government to spend around $30 to $35 billion postwar (at present levels of prices) if full employment is to be attained. That would add up (in dollars of 1944-45 purchasing power):

Consumers	$125 billion
Business	25 billion
Government	30 billion
Total	$180 billion

A program of useful government spending would include measures to:

Raise levels of adequacy for all socially provided services (such as education, roads, water, etc., parks, recreation, public health) to the full levels justified by our national wealth.

Extend social action to cover health and medicine and other socially desirable fields.

Make federal grants-in-aid to establish adequate levels of education, health and other social services in the poorer states, and redistribute state revenues to help support such activities in the poorer towns and counties.

Provide funds to increase consumption levels of remaining low-income groups, such as through a food-

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stamp plan or its modification. (The present food-allotment proposal, to ensure every family an adequate minimum diet, is an improved version.)

Aid industrialization and development in undeveloped portions of this country and in underdeveloped regions in other parts of the world. This would include expanding the funds of the Export-Import Bank and the proposed International Bank for Reconstruction and Development.

Create a large reservoir of well planned public works, and put this program into action on a contra-cyclical basis, expanding activity in times of low employment, and contracting it if inflation threatens. Emphasize especially lines of public investment which create and encourage associated private investment, such as the TVA and the MVA, urban development and housing proposals, rural electrification and similar large-scale development operations.

Create a reservoir of quick-action projects of the Civilian Conservation Corps and PWA types to be used to make quick employment for temporary periods of emergency.

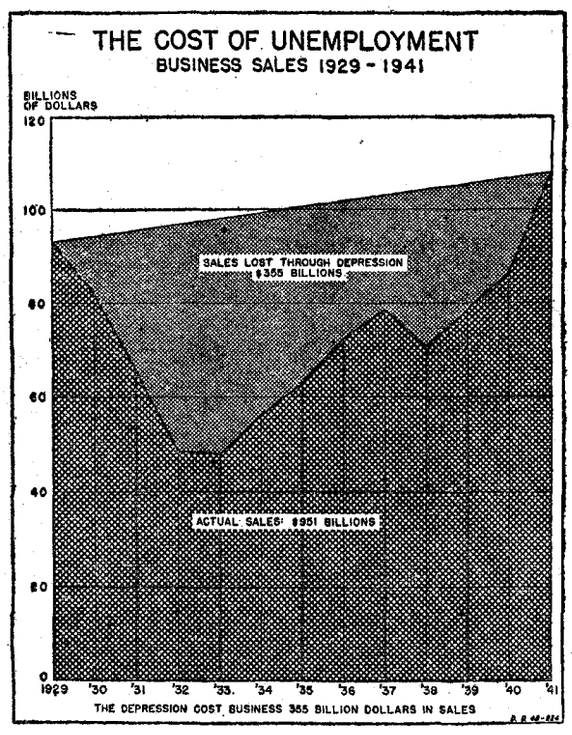
Expand public operations in the fields of pure and applied research, music and the arts, and in other professional fields which the competitive economy tends to starve.

How Will the Alternatives Be Chosen? – This long and complex list is by no means exhaustive—many similar possibilities could be mentioned. Under the full-employment proposal, the President would have to select out of such possibilities the particular ones that seemed most feasible at any given time, and recommend them to Congress. Then Congress would decide which ones to adopt. Under the bill, the proposals encouraging private enterprise—those expanding purchases by consumers and by business—would have priority, and measures of government expenditure would be used only to fill any remaining gap.

In deciding what measures to emphasize first, and which to recommend later, the Administration would be guided, of course, by changing conditions. Once reconversion is over, the use of war savings, consumer and business restocking of equipment, autos and housing and industrialization abroad, may all drive both consumers' and business expenditures to exceptional levels and minimize the need for supplementary action by government—except possibly to check inflation if the boom gets going too fast. After a few years, when the war shortages begin to be filled, the most fluid savings expanded, and when the housing boom and foreign loans begin to die down, strong new efforts may be needed to encourage increased purchases for consumption and expenditures by government. Shifts in our industrial and economic structure will raise questions of labor retraining and relocation quite apart from the problem of supplying sufficient buying power. Efforts to stabilize the building industry and to prevent a boom-and-bust cycle in exports may dampen down somewhat these necessary shifts. So may efforts to move industry to workers, as Beveridge proposes, instead of counting on workers to move to jobs. Supplemental public programs, of fact-finding and dissemination and of social guidance, are needed.

Some people feel that the full-employment proposal means that anyone without a job can walk into an employment office and at once be put to work—at public work if no private work is available. Such positive action lies far beyond the indirect methods which the bill now authorizes. It provides authority for action to sustain the number of jobs, but it does not make the jobs directly. The workers would still need to go where jobs were available and fit themselves for the kinds of work that could be had. Businessmen would still need to respond to the opportunities opened up for profitable production, and start or expand the private businesses to employ most of the workers. Investors still would need to invest their money, and take a chance on profits or losses in this profit-and-loss economy—though the risks to both business and capital would be much reduced by the assurance of high activity. Government would try to maintain an economic climate suitable for full employment. It would be providing that employment directly and putting people to work on its own projects, however, in only a small minority of all the jobs to be filled.

Those who attack the full-employment bill as "socialism" defeat their own ends. Making some such measure work to provide full employment under capitalism is probably our only alternative to an otherwise irresistible drift toward real socialism—here as in all the rest of the world.



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Shall We Compensate, or Plan Abundance?

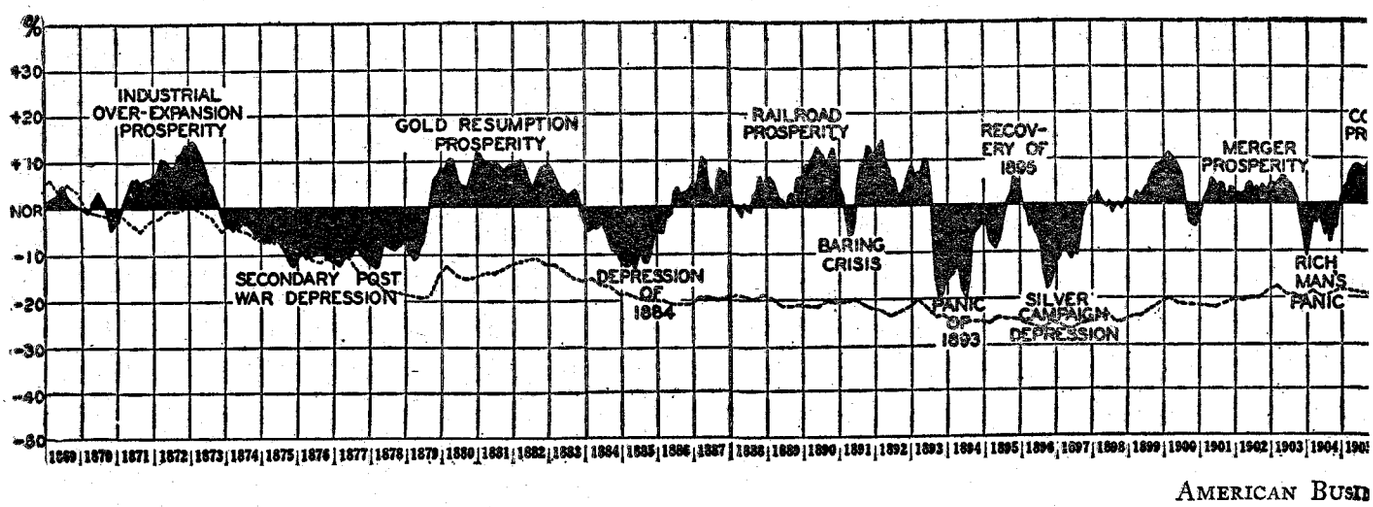
Aside from matters of technical detail, there are two alternative lines of policy between which to choose in seeking to maintain full employment. One is known as a compensatory policy on the part of government, and the other is advance economic planning to cover the critical activities of the total economy.

A compensatory policy has been advocated for many years and was much discussed even before the New Deal in the United States. One phase of the New Deal consisted in a rather ill coördinated attempt to apply it. According to this policy, we regard the bulk of economic activities as the province of private enterprise, and interfere with them no more than is necessary to impose desirable social regulation such as the establishment of minimum wages and maximum hours or the regulation of prices in public utilities. We admit, however, that "free" private enterprise, carried on by thousands of independent businesses and individuals, is normally subject to the business cycle of ups and downs in production and employment. We therefore attempt to compensate for these fluctuations by varying the economic activity of government agencies, which are capable of deliberate control in the public interest. The type of variation usually recommended is increase of public expenditure when business slumps occur and decrease of public expenditure when business is active and employment is high.

Over-all economic planning proceeds on the theory that rather than trying to compensate for fluctuations once they have begun, we should try to prevent them. This might involve, as it does in Russia, virtual abolition of private ownership in the means of production. Many who advocate it, however, do not believe that it requires anything like a total abolition of private enterprise or the creation of a socialist state. Its essential point is rather the formulation of an economic program for the nation, involving some effectual regulation of total expenditure for goods and services by consumers and business and government, so that the demand for labor will always equal the supply. It requires advance budgeting of the national economy and the adoption of measures to make reasonably sure that the budget estimates shall be carried out.

It would be a mistake to regard these two alternatives as mutually exclusive. The choice is not necessarily one between two entirely different social systems, as sharply distinguished from each other as black and white. A compensatory policy would involve some advance budgeting and might have important effects on private enterprise, whereas an economic planning policy might leave large areas of freedom from control, as in the purchase of consumers' goods, or the organization of production for a scheduled demand. Thus, war planning in the United States, in spite of the fact that government was the sole purchaser of almost half of our national output, did not abolish private enterprise in the production of most of the goods bought. It is probable that full employment could be maintained in peace under an economic planning policy with much less government purchasing than during the war, with a considerably smaller exercise of price control and without any rationing of consumers at all. The choice is one between policies and directions rather than one between two entirely different systems.

Those who favor the compensatory emphasis usually do so because their bias lies in the direction of as little interference as possible with existing economic institutions. Those who favor a fuller degree of planning do so because they regard it as of major importance to prevent unemployment, no matter what means it is necessary to adopt, and believe that a compensatory policy would not be sufficient for the end in view.



American Busi

The chart above shows American business conditions since 1869. It is part of a larger chart prepared by the Cleveland Trust Company, Cleveland, Ohio, and is reproduced by permission. Fluctuations above the central

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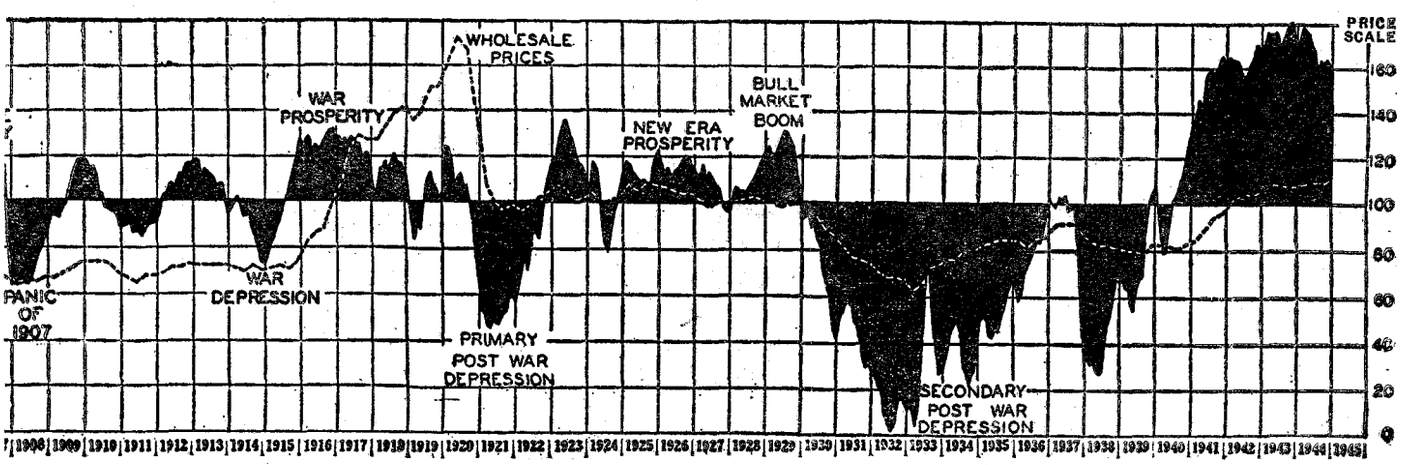
A good illustration of the difference is that between the White Paper on employment policy, issued by Lord Woolton, Minister of Reconstruction for the British coalition government during the war, and Sir William Beveridge's program as outlined in his book, *Full Employment in a Free Society*. The Woolton proposal would increase public works and attempt to encourage private investment as soon as a slump began. It would also take certain measures to increase consumers' purchasing power during depression. It would pursue the opposite course in prosperity. The Beveridge proposal would establish a National Investment Board to budget the total economy in advance. This board would see that the total amount currently saved was invested, and would so control private investment as to prevent important fluctuations. Beveridge would also stabilize consumers' demands for essential articles of food and clothing by a program of governmental purchasing and distribution. He would nationalize monopolistic industries in order to exercise control over their policies of pricing and investment.

Beveridge objects to the Woolton plan on a number of grounds. One is that sound public policy does not permit the variation of public investment to compensate for fluctuations in private business. Public improvements and services should always be carried on to the extent that they are needed by the people. It is difficult to curb them just because business is prosperous. Business investment, in turn, cannot be greatly influenced by persuasion or other indirect means. It is impractical, Beveridge argues, to expect shoemakers, steel operators or textile workers to rush into the construction industry whenever there is a business depression, and to expect carpenters, masons and plumbers to find work in factories during prosperity.

The Labor government in England will adopt a large measure of economic planning. Any postwar government in Britain would have been forced to do so because of the need for encouraging exports, the large program of public housing and the various reconstruction projects involving extensive expenditure on education, public health and relocation of industry. In addition, the Labor government will nationalize coal and other industries. The inevitable result will be the virtual abolition of unemployment as soon as reconversion is completed, and the existence of a labor shortage for many years to come.

The full-employment bill in the United States combines ideas from both types of program and can lead in either direction. It starts by a declaration of policy which expresses faith in private enterprise and an intention to favor it wherever possible. On the other hand it takes over from Beveridge the idea of advance budgeting for the whole economy on the basis of forecasts of expenditures. Thus, it attempts to stimulate action on the basis of prediction of the course of business rather than waiting until booms or slumps actually appear. It does not, however, specify what action is to be taken. This is left completely in the hands of the President and Congress. It would be possible, under it, to follow either the compensatory policy or to embark on a more ambitious program.

Those who favor both types of policy can unite in support of the Bill as a desirable first step. It is intended to bring the essential facts out into the open every year, and to compel the adoption of some program calculated to assure full-employment opportunity under whatever circumstances may exist. It is unlikely, however, that the government will actually bring about full employment if it is content to apply only compensatory measures. Our productive capacity is much greater than that of Britain and our economic history evinces a far lower degree of stability in the activity of private enterprise. We have the opportunity to adopt a great program of public improvements which will help to increase and stabilize the total of spending for an indefinite future. Unless we do this and also devise some means of stabilizing private investment on an expanding basis, we shall hardly succeed in keeping our economy at a full-employment level.



CTIVITY, 1869-1944

line indicate periods of prosperity; those below indicate periods of depression. The broken line indicates changes in wholesale commodity prices. The index is based on various sets of annual data.

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Outline for an American Plan

AT THIS JUNCTURE in American planning for continuing full employment after reconversion, our "plan" appears to be to have no plan with specific programs. One of the points made in behalf of the full-employment bill is that it provides neither specific programs nor specific amounts. These are to be openly arrived at by the executive and legislative branches of government, in coöperation with the economic groups, business, labor and agriculture.

The proponents, probably wisely, say that we are entering a period of postwar adjustment that can lead to a variety of situations and possibilities. Anything can happen to us, all the way from the extreme of postwar inflation and deflation (like that of 1919-21) to the extreme of an industrial boom and prolonged depression (like that of 1929 and the thirties). Instead of laying out a program for a particular set of difficulties, they urge that government be prepared to act, in case action is needed, to prevent or to meet whatever job difficulties appear on the horizon.

But the full-employment bill also provides that the President recommend additional action by the federal government to provide the job opportunities which private enterprise and state and local governments are not likely to supply. It is this proposed assurance of additional action which may call for government investment and expenditure, rather than the proposed procedure and machinery, which will divide the Wagners and Murrays from the Tafts.

The Wagners argue correctly that in any given economic situation to be described by the President in terms of current and foreseeable trends in production, consumption and employment, the federal government has a variety of functions in its "tool chest" (to use a phrase from Budget Director Harold Smith's testimony before the Senate Banking and Currency Committee.) These many functions can be used in such a way as to stimulate private activity and spending by business, consumers and state and local governments, thus minimizing the necessity of spending and direct job-giving by the federal government. The Tafts will argue that it is the "additional" government investment and expenditure that open the way to costly government programs.

It is therefore important to note the areas of government policy that, in the interest of maximizing the number of jobs in private enterprises, need to be brought into focus with a view toward continuing full employment. The federal government can affect business activity by regulating the supply of money, or by changing the character and amount of taxes. Banking and credit can be utilized, including loans made or guaranteed by the government. Supporting farm prices can be a stabilizing influence. Government can help the general situation by making results of research and technological developments available and by ending monopoly. Higher wages and lower hours tend to increase purchasing power and job opportunities. So do unemployment and old-age insurance, and education and health programs, including grants-in-aid to the states. The government can help stimulate foreign trade, particularly through the United Nations Stabilization Fund and the Bank for Reconstruction and Development. Government aid to housing is an obvious approach. Others are public works and development of natural resources through projects like the TVA, agricultural conservation, regional industrialization, highways and airports. These normal functions may be used for additional investment and spending to bring about those job opportunities required for full employment which spending by consumers, business, and state and local governments is not likely to provide.

There is one important point concerning the size of the gap between full employment and actual employment which the sponsors of the bill have not adequately developed, and which its opponents seem to discount completely. It is the possibility that the actual or prospective shortage of job opportunities would shrink as a result of the knowledge that Congress would, if necessary, adopt appropriate policies and provide funds for carrying out certain programs. General confidence in the sustained level of national purchasing power is expected to serve as a stimulus to risk-taking, to business expansion. This point has been well made by Harold Fleming, staff writer for the *Christian Science Monitor* (August 22, 1945). We reproduce his "hypothetical and purely imaginary" Murray-bill job budget:

People who will want jobs	57,000,000
Jobs, private, likely to be available	49,000,000
Job deficit (prospective unemployment)	8,000,000

Means of making up the job deficit include:

Shortening hours	300,000	
Raising minimum wages	200,000	
Additional export credits	500,000	
Higher tariffs	400,000	
Lower taxes on corporations	600,000	
Subsidies and price-ceiling increases	500,000	
Miscellaneous	300,000	
Total		2,400,000
Remaining job deficit		5,600,000
Government spending on public works, etc. to make this up, at $2,000 per job, $11,200,000,000		5,600,000
Unemployment		zero

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Photo by Halsman

Readers of this New Republic Supplement will be particularly interested in this announcement of our joint publication of*

Henry A. Wallace's SIXTY MILLION JOBS

IN THIS BOOK the Secretary of Commerce demonstrates that by 1950 we can and must see to it that our basic American democracy is built on sixty million jobs. He does not simply advocate this objective. Marshalling facts and figures, he shows how we can avoid the staggeringly high cost of a drifting and despairing unemployment. The time, says Mr. Wallace, is now. The stakes are the American way of life and our hard-won freedom. This book gives not only the why but the how, the time table and the balance sheets of both the immediate program and the long-range goals.

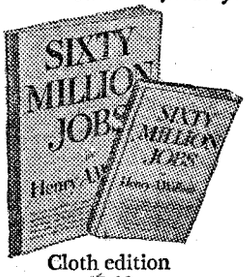
Point by point Mr. Wallace shows concretely how our system of free enterprise can be made truly free and most effectively enterprising by the application of an ounce of government to a pound of profit-making business.

To businessmen, large and small, to labor, to management, to the farmer, the professional man, to the returning veteran, Mr. Wallace indicates what full employment will mean, in measurable terms to Americans of every group. And he shows what effects a chaotic unemployment or "soft" labor market would actually have on the income and profits of each of these groups—and on the national income:

"The lost man-years in the decade of the thirties added up to a loss of about 250 billion dollars—more than twice as much as would be necessary to eliminate all the slums, both urban and rural in the United States; enough to pay off, through the current fiscal year, the entire increase in the national debt due to World War II."

Against this staggering sum, Mr. Wallace balances the "cost" of full employment.

Above all, this book is addressed to Americans who have not lost the spirit of enterprise; who are not frightened of setting their sights high and aiming for what Mr. Wallace calls new frontiers of abundance; Americans who are not afraid to shoot, now, for a national prosperity greater than we have ever known.



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All Mr. Wallace's royalties from this book are to be applied to economic research.

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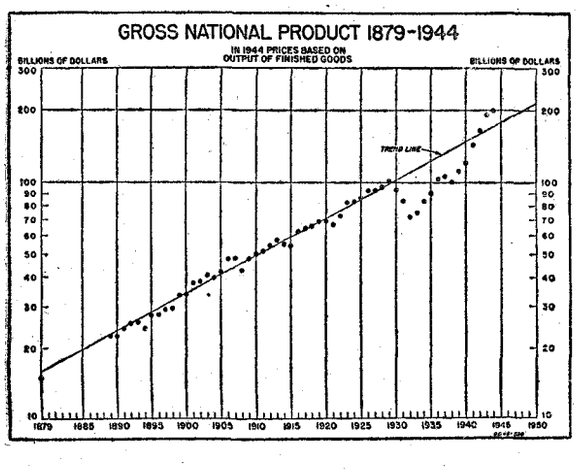
Were this not a hypothetical example, we should argue with Mr. Fleming on several points. We should question whether raising minimum wages need necessarily decrease the number of jobs; whether higher tariffs would actually increase jobs, and if so, at what cost to our total international economic program; and whether other non-spending devices might not also be used which would considerably reduce the $11.2-billion-expenditure gap. The point of Mr. Fleming's illustration, however, is what we are interested in, and that point is that the job budget itself could have an influence in making jobs, so that the number of "jobs, private, likely to be available," might jump by five million, thus practically wiping out the deficit except for the number that can be stimulated by utilizing those functions in the government tool chest which involve little if any expenditure.

This illustration points up the important role Congress can play in creating the necessary confidence in sustained national income and demand, in determining the number of jobs in existence in any given year. For the five million jobs in Fleming's illustration to become available, the proposed joint committee would have to consider expeditiously the proposals contained in the President's National Budget Message.

There is a wide range in estimates of the magnitude of unemployment and shortage in investment and purchasing power after the reconversion period. The Murray bill was originally intended to take over where reconversion ends. But where will reconversion end? Given six to eight million unemployed this coming winter, will we, as some predict, have full employment by the end of 1946; or shall we merely reconvert in such a fashion as to have the six to eight million unemployed as a permanent headache?

This divergence springs from our uncertainty on the two non-governmental sources of demand for the nation's output. In the first place we do not know, but must soon find out, what consumers will do with their huge accumulated savings. In the second place, we do not know with certainty the magnitude of business expenditures for capital expansion, for housing, plant and equipment inventories, and exports in excess of imports.



If we can reconvert, as the optimists think we may, and wind up by the end of 1946 with no unemployment (which would mean no major changes in the general average of prices and wages), we might find ourselves in one of the full-employment situations described by Secretary of Commerce Henry Wallace's timely new book, *Sixty Million Jobs*.

Mr. Wallace estimates that in 1948-49, if the present level of prices is sustained, it would take about $200 billion of national expenditure to purchase the goods and services produced under conditions of full employment. If this total were bought up as was the 1929 total, consumers would be purchasing about $142 billion worth of goods and services, business expenditures for capital (houses, plant, equipment, inventories and net exports) would come to about $35 billion, state and local government expenditures to about $10 billion and federal government expenditures to about $12 billion. In 1929, as Secretary Wallace rightly points out, there was nothing particularly stable in that structure of production and demand, judging by consequences. The present equivalent of $35-billion expenditures by business for capital items must have been too large, consumer expenditures equivalent to $142 billion were probably too much, and government expenditure of $22 billion too little. It might have considerably altered the course of events in the 1930's if government had been in a position in 1929 to guide and divert individual and corporate surplus funds then making mischief in Wall Street into more stable uses, such as improving conditions of health, education and housing along urban and rural Main Street.

In Secretary Wallace's formulation of a stable National Budget for full employment, about two-thirds of the $200-billion total, or $135 billion, would be represented by consumer expenditures, and the balance nearly equally divided between business capital expenditures—$30 billion—and government expenditures—$35 billion ($10 billion state and local and $25 billion federal).

At the present moment the typical analyst of the postwar National Budget is baffled by an inability to add up as much as $30 billion of business investment and by a concern over consumers' having more "disposable" income than their consuming habits will permit them to spend. There is, on the other hand, little difficulty in seeing federal government expenditure dropping from its $100-billion wartime total to not less than $25 billion. This would be ample to meet the postwar minimum government needs for interest on the war debt, veterans' pay and services, military costs and the cost of the regular functions of government. The $25 billion might, depending on the cost of maintaining our military, even allow a margin of several billions for aid to agriculture, for aid to education and health and for some public works and development of resources. Revenue for this $25-

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SAVE 31,000 BABIES EVERY YEAR. If we lowered infant mortality rate in every state to that in the best state, we could save 31,000 babies every year. The Pepper bill will give Children's Bureau, Dept. of Labor, 100 million to assist states in child-welfare programs. Get your women's clubs behind this bill (S. 1318) now. Urge your Senators to demand immediate hearings, immediate passage. It is a matter of life or death for thousands.

UNDERNOURISHED CHILDREN will be the beneficiaries of a permanent school lunch program. A bill to set up a $100 million fund to help such a program has passed the House, is now in the Senate Agriculture Committee. Write Senator Elmer Thomas (Okla.), committee chairman, and your own Senators urging immediate passage of S. 962.

MINISTERS, PRIESTS, RABBIS. Join the Religious Associates, National Citizens PAC, 205 E. 42nd St., N. Y. 17, N. Y.

Property for Salvage

4,400,000 ACRES of potentially rich farm land in Missouri Valley can be irrigated. Acreage would furnish homes and farms for 500,000 more people. Droughts in past decade have driven hundreds of thousands of farmers from this land. Proposed Missouri Valley Authority, similar to great TVA, would salvage land and people. Urge your Senators to support the MVA.

Jobs With Pay

JOBS FOR EVERYONE ready and willing to work was campaign promise of both major parties in 1944 elections. Murray and Patman full employment bills (S. 380 and HR 2202) introduced into Senate and House respectively will help assure full employment. Bills empower Federal government to assist private enterprise in providing jobs for all. Tell your congressman and senators you support the full employment bills.

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billion federal expenditure would be available from individual and corporate taxes, which in the aggregate would be about 45 percent less than in 1944.

Among the estimates of business expenditures there is considerable doubt that, without a large federal program, housing, in spite of the general expectation of a rising trend for the next six or seven years, will reach more than $5 or $6 billion a year, which is probably 50 percent short of what it ought to be in view of housing needs and in view of its necessary contribution to jobs. Judging from recent reports to the Department of Commerce, there is also doubt that expenditures for plant and equipment by manufacturers, railroads and gas and electric utilities will do as much to support postwar full employment as they did in the 1920's. And the volume of net exports, which may amount to $3 to $4 billion during the next two or three years of great demand abroad, cannot be sustained without private or government foreign lending. The government should therefore be prepared with programs for housing and other public services which would be desirable in any event, and without which it may be impossible to maintain full employment.

No honest government official feels that government is at present equipped with adequate techniques, machinery and fiscal authority from Congress to assure the country against inflation or depression. The full-employment bill will undoubtedly and necessarily result in the equivalent of a planning agency if the task of preparing the National Production and Employment Budget is placed in the Executive Office of the President. The agencies that must be involved in the preparation of that budget are (1) the Bureau of the Budget, which now prepares the federal budget for the President's annual budget message and has the machinery for reviewing the budgets and programs of the various departments and agencies; (2) the Office of War Mobilization and Reconversion, whose policy-making decisions are the stepping-stones to post-reconversion full employment; (3) the Department of Commerce, whose functions in domestic and foreign trade are essential in furnishing (a) the information required of private enterprises as to their planned investment, production and job programs, and (b) steps the government may take to stimulate private investment; (4) the Department of Labor, whose estimates of current employment and of job-seekers are basic in estimating the National Employment Budget; (5) probably the Department of Agriculture, whose far-flung activities in production, prices, marketing and natural resources touch many parts of the economy, and (6) probably also the Treasury Department, since fiscal policies have now become vital in any employment program.

It is readily conceivable that the heads of these agencies could, under the leadership of the President, act as a planning agency. Under that leadership, and with the cementing influence of the budgetary authority in the Executive Office of the President, there should not be any difficulty in getting the coöperation of all the other departments and agencies. In fact, most of them would welcome the opportunity to make their functions felt in a businesslike effort of the government to marshal all of its regulatory revenue-investment research, informational and service activities into a program for maintaining full employment—as we set out on the uncertain economic sea of reconversion and beyond.

Congress and Full Employment

Since the outbreak of the war in Europe in 1939, and even before, foreign policy has dominated all national political campaigns, both presidential and congressional, and all legislative battles in Washington. During this period, particularly before Pearl Harbor, the Administration, more aware of the international crisis than either Congress or the country, was forced to base its political strategy on the necessity of winning majority or even two-thirds support for its foreign-policy program. Congressional battle lines were drawn accordingly. If concessions were demanded by key Southern Democrats or by conservative but internationally minded Republicans, they were granted, and progressive measures in domestic affairs went by the board. One example will suffice: the scrapping of the National Resources Planning Board in 1941.

Two almost simultaneous events have completely changed this political and legislative picture: the passage of Bretton Woods and the San Francisco Charter, and the end of the war. From now on, and probably for a considerable period of time, domestic policy will dominate American politics, just as postwar economic policy was the principal issue in the British elections. Barring unforeseen events and tendencies, the congressional elections of next year and the congressional and presidential elections of 1948 will be fought out on the issues of domestic affairs. This change will be immediately reflected in the legislative battles during the present session of Congress. Pre-Pearl Harbor voting records will lose all importance; certain key Administration supporters in foreign policy, especially among the Southerners, will join the opposition; among the Republicans, Senators Ball and Burton will no longer be the leading liberals but will give way to Senators Tobey and Aiken, both of whom had prewar isolationist records.

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The battle over the full-employment bill will undoubtedly indicate the general lines of division in both Houses in domestic affairs. A similar pattern will be found in the debates and voting on such issues as unemployment compensation, minimum wages, social security, housing and the Valley Authority projects—all measures essential to a full-employment program. While their passage requires only a majority vote in both houses and not the two-thirds Senate vote which threw fear into the hearts of proponents of world organization, progressives must recognize that legislative battles in domestic affairs will be far tougher to win than those in the field of international relations. The full-employment bill and related legislative proposals cut far deeper and more directly into the basic economic divisions of the country. Generally conservative individuals and groups of great political weight could be sold on the issue of international coöperation, but their support in the fight on economic matters of domestic concern cannot be counted on too heavily.

One such group is the opinion industry, including the press and the radio. With the exception of the Hearst and McCormick-Patterson press and a few independent isolationist papers, the powerful press of America has been completely committed to the international point of view, at least in its broadest aspects. Indeed it can be said that the majority of the press crusaded for Dumbarton Oaks and the San Francisco Charter. The air waves were filled with programs supporting general internationalism and few of these programs were considered so controversial as to require answers on free time.

Clearly the situation is far different in the debates over economic policy. The ownership of the opinion industry is business, big business. This has been so clearly reflected in recent presidential campaigns that it would be foolhardly to expect a reversal of position now on similarly controversial issues. The New York *Times*, for example, has been actively crusading against the full-employment bill ever since it was first suggested in December of last year.

Similarly, powerful organizations which participated in the campaign for international coöperation find the economic issues too controversial for them to take a strong official stand one way or another. Even in some cases where the general objectives of full employment and economic stability are supported, there is extreme reluctance to campaign in favor of a specific legislative proposal for fear of dividing the membership. The result of all this is that the burden of proof falls far more heavily on the liberal and labor organizations whose membership and programs are more forthrightly progressive. Indeed, the intensified interest of the labor organizations in economic matters may well compensate for the narrowing of the "liberal" circle in this field as compared with that of foreign affairs. While labor leadership was as thoroughly com-

Full Employment *Can Prevent* Riots

Testifying before the Senate Banking and Currency Committee August 29 in support of the Full Employment Bill, Walter White, Secretary of the National Association for the Advancement of Colored People declared:

"There are many prophets of gloom in the United States who predict postwar race riots as was the case at the end of World War I. Sinister forces are industriously at work in various parts of the United States attempting to organize and benefit from mob violence.

"*These organizations can succeed only if there is widespread unemployment and suffering. If there are no jobs there will be hatred and fear; where there is hatred and fear there can be and probably will be riots.* We want white Americans to have jobs because if they do they will not be tempted to gang up on Negroes who have employment. We want Negroes to have their full and fair share of the jobs that are available so that they can live like decent human beings, free from resentment because their color alone deprives them of employment. The Full Employment Bill is so mild in its provisions that no one in his right mind can object to it. It is a legislative 'must.'"

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mitted to international coöperation as any group in the country, it would be unrealistic to believe that the rank and file of labor voted for or against a congressman because he was an interventionist or an isolationist. In the postwar period now beginning, the workers of America are faced with "bread-and-butter" issues, and they will be more likely to act and vote accordingly.

The full-employment bill has the strongest liberal non-partisan support in both Senate and House. Originally introduced in the Senate by four progressive Democrats, Murray, O'Mahoney, Thomas and Wagner, S 380 was made a bi-partisan measure in late July when Republicans Aiken, Langer, Morse and Tobey joined the sponsorship. In the House, where rules limit the original sponsorship to one member, Wright Patman of Texas, chairman of the House Small Business Committee and close political associate of Speaker Rayburn, introduced the bill. Patman then went to work to obtain additional House support and a steering committee of co-sponsors in the House was organized with George Outland of California as its active chairman. By the time the House had recessed in July, Patman and Outland had already obtained 103 members of their steering committee, including a number of Republicans. By now the total is much larger.

The bill, introduced into the Senate January 22, began its active legislative career July 30, when a Senate Banking and Currency Subcommittee began preliminary hearings. The date is important. It was five days after the British Labor Party landslide. Each of the bill's sponsors, testifying in the first two days of hearings, cited the British election results and agreed that the bill is old-fashioned private capitalism's last chance. Opening the hearings, Senator Wagner said frankly, "The Congress, thus far, has done too little and been too late in acting on matters of reconversion and postwar economic affairs. But one of the reasons why we have done too little and been too late is that we have made no over-all budget of what needs to be done. We have no full perspective, and consequently we have not set sufficiently high goals. By giving us the perspective and setting the goals, enactment of the full-employment bill will make it vastly more practical to enact specific measures."

The early start of hearings, even before the United Nations Charter was ratified, was due to the insistence of supporting organizations and the alertness of Senators Wagner, Murray, O'Mahoney and Elbert Thomas, the original Senate sponsors. The British election results and Japan's surrender August 14, coinciding with demonstration of public demand for action on the bill, put it in number-one position. President Truman declared it a "must" and Wagner started full hearings August 21, three members of Senator George's special Postwar Planning Committee sitting in. By the time this appears in print, a report and amended bill should have been sent to the Senate floor, and hearings begun before the House Committee on Expenditures in Executive Departments, headed by Representative Carter Manasco of Alabama.

Senate hearings created an overly optimistic feeling that enactment was certain. This was based on (a) a July 14 statement by the National Association of Manufacturers *News* that passage of a "modified" full-employment bill was certain early in 1946, (b) broad and powerful support for the bill expressed during the hearing, including the new American Business Council, a number of independent and responsible businessmen, industrialists and bankers, the AFL, CIO, rail labor and the UMWA, whose shaggy, gray leader, John L. Lewis, emerged from his cave to join Mayor LaGuardia and James G. Patton of the National Farmers' Union in urging passage with authority to appropriate funds. There were also Catholic, Jewish and Protestant church organizations, welfare groups, the Conference of Mayors, the VFW, Disabled War Veterans, American Veterans' Committee, the National Education Association, the National Congress of Parents and Teachers, the Union for Democratic Action, Americans United for World Organization, the Independent Citizens' Committee of Arts, Sciences and Professions; (c) merely perfunctory opposition, expressed by Ira Mosher, president of the NAM; James L. Donnelly, executive vice-president, Illinois Manufacturers' Association; and William L. Kleitz, vice-president of the Guaranty Trust Company.

Although the press and radio, preoccupied with Japan's slow-motion capitulation and the daily details of reconversion, did not find space to tell the full story of the hearings, enough was printed to create the impression that the bill's passage was "in the bag." With the exception of a few papers such as PM and the Philadelphia *Record*, little space was given to the unhappiness of Mosher, Kleitz and Donnelly under the committee's searching cross-examination, which brought out the fact that opponents of the bill consider chronic unemployment inevitable. Kleitz's desperate endorsement of the dole as an alternative was overlooked, as was Mosher's confusion when Senator Taylor pointed out that, on Mosher's testimony, government forecasts are twice as accurate as the specimen from an anonymous private firm submitted by Mosher. Donnelly's contribution was the standard opposition to government "planning," with the alternative, also offered by Mosher, that business be given soft taxes, freedom from regulation and more regulation for labor. Donnelly denounced the closed shop.

More significant, perhaps, was the silence of the Chamber of Commerce of the United States, which declined to testify, telling Wagner that it would not have its case prepared before late in September. But as the hearings closed, Senator Taft inserted into the record a statement by the American Farm Bureau Federation's Board of Directors opposing the bill because

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it would "discourage rather than help our economy." It proposed a public-works program, if needed, "to alleviate unemployment." It treated full employment, as outlined in the bill, and "our democratic way of life" as alternatives and said it preferred the latter.

Enemies of the bill will try to beat it first by emasculating amendments in the Senate and, second, by tearing it to pieces in the House hearings before the Committee on Executive Expenditures, whose chairman, Manasco, has already flouted Truman by describing the bill as "vague and unrealistic" and promising it a thorough going-over. His committee includes as ranking minority member the ineffable Clare Hoffman and has not more than nine sure Aye votes among the 21 members.

In the Senate, opponents and "yes, but" supporters, including Beardsley Ruml, were principally concerned about "the right to employment," and the federal government's *responsibility* for *assuring* full employment. Taft favored collecting statistics, but objected to commitments ensuring full employment when the statistics showed a gap between private and full employment. Such amendments will be a constant menace during Senate debate, House hearings and debate and in the closed meetings of the House-Senate conferees on the final bill, assuming it passes both Houses.

All signs point to a determined fight by the NAM, C of C, Farm Bureau and the Grange to block passage of any bill, if not in the Senate, then in the House. Against this, the progressives' best hope is the fact that every Representative must stand for reëlection in the 1946 primaries and election. Experienced members believe that the bill has so much vote appeal that 116 more can be persuaded to join the 103 who saw the light before V-J Day presented us with an economic Pearl Harbor, and thus present a majority demand for enactment. Whether this number is recruited or not will depend upon the effective coöperation of the groups supporting the bill.

Throughout the world free peoples are emerging from the chaos of war to new forms of social organization. The twofold objective is freedom *and* security. We are not faced with the alternatives of the one or the other, as spokesmen for the status quo seek to convince us. On the contrary, our alternatives are security under freedom or security under totalitarianism, because the peoples of all nations will persist in their stubborn desire to eat, and they cannot eat freedom. Which of these alternatives will be dominant for the next generation or several generations may well depend on whether the United States, now the most powerful nation on earth, succeeds in solving the basic economic problem of our time: full employment in a technological age. In the solution of this problem in the United States, the full-employment bill, strengthened rather than emasculated, is the first essential step. Its passage will mark a milestone on the road to freedom.

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Toward a Free Society

"TO THE OLD FREEDOMS," President Roosevelt said in 1942 when he presented to America his Bill of Human Rights, "we must add new freedoms. . . . The new declaration of personal rights, any translation of freedom into modern terms applicable to the people of the nation here and now must include: the right to work . . . the right to fair pay . . . the right to adequate food, clothing, shelter and medical care, the right to security with freedom from fear of old age, want, dependency, sickness, unemployment and accident."

The plan for full employment presented in this section of the *New Republic* envisages a government-sponsored program for a free democratic society. While it assumes that private ownership of the means of production will remain the basic form of economic organization in the United States, it also assumes that the major responsibility for compensating for the defects of this system will lie with the federal government. Since political liberty is recognized as the goal of the democratic state, the question may be raised whether government participation in the economic process will restrict or expand freedom as we understand it.

Opponents of the full-employment program—defenders of what is erroneously called "free enterprise"—pretend to be motivated by a deep concern for liberty. Warningly pointing at Soviet Russia and Nazi Germany, they predict that a policy of full employment under government auspices will inevitably lead to economic regimentation and political tyranny. Economic security and political liberty, they argue, are incompatible. What they do not mention is, again in the words of President Roosevelt, that "private enterprise is ceasing to be private enterprise and is becoming a cluster of private collectivisms; masking itself as a system of free enterprise after the American model, it is in fact becoming a concealed cartel system after the European model."

Giant industrial empires are not only trying to dictate the lives of millions of workers and consumers under the flag of "free enterprise," but are threatening the very existence of our economy. If "free enterprise" in this sense were the only alternative to totalitarianism as a device for obtaining freedom, the choice between security and liberty would indeed be dismal. Fortunately, it is not the only alternative. On the contrary, full employment, made possible by the participation of democratic government in the economic process, promises to create the conditions for greater enjoyment of traditional as well as new liberties.

It is true, of course, that full employment is not a panacea which automatically guarantees liberty. As Mr. Beardsley Ruml pointed out in his testimony before Congress favoring adoption of the Wagner-Murray full-employment bill, "Human rights, if they are real, cannot be so easily given and taken away." But it can be said with certainty that unemployment is an immediate threat to freedom. The disappearance of political liberty in Germany under Nazism was the direct result of the Republic's inability to cope with unemployment. It was the mistaken belief of the German people—prior to the Nazi usurpation of power—that without economic security, political liberty was not worth having.

It is not accidental that the opponents of full employment—the big industrialists and financial monopolists who profit most from the existence of the labor market as a buyer's market—have embraced Mr. Friedrich Hayek's arguments, in *The Road to Serfdom,* against planning. It does not bother them that his faith in free markets and his belief in the virtues of competition have nothing to do with the economic reality of their creation. As Mr. Hayek is conveniently silent on how to enforce competition without government intervention, they readily overlook his strictures on their monopolistic collusion against the public interest, his attacks on their restrictive practices and his demand for the restitution of free competition. All that matters is his erudite jeremiad against totalitarian planning, which they quite frankly identify with democratic planning for full employment in a free society.

Not planning as such, but planning by the government in the public interest is the *bête noire* of the opponents of a full-employment program. Their concern for protecting liberty against governmental encroachment does not, and cannot, disguise the fact that they are more interested in restricting the sphere of governmental action than in enlarging the sphere of freedom. They willfully exploit the long-standing and deep-seated distrust of free men against government, inherited from an era when it was both necessary and desirable to limit the functions of government to a minimum. But in the modern democratic state the government has increasingly become the protector of the public's liberties against the encroachment of the huge economic combines which hide behind the shibboleth of "free enterprise." Our experience of the last twelve years, and particularly our wartime experience—when government ownership, control and supervision were far greater than anticipated by a peacetime full-employment program—suggests that there is nothing inherently dangerous to freedom in governmental responsibility for making the economy work.

Planning such as is necessitated by a policy of full employment does not, *per se*, threaten our traditional liberties—freedom of speech, writing, worship, assembly, choice of occupation or management of personal income—but actually expands the concept of liberty to

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encompass a sphere of freedom not hitherto touched. Freedom from want and fear—the right to work—are not real liberties so long as unemployment is accepted as ordained by the immutable laws of a fictitious free market. To enjoy their political liberties, men must be free from worry over what will happen to them and their families if they lose their jobs, if sickness disables them, if they get old or die in poverty. Nobody believes any longer that unemployment is punishment for laziness, or that thrift is the answer to joblessness and sickness. Economic security thus becomes a collateral of liberty and not its opposite. Opponents of full employment raise a bogey when they claim that security can only be had at the price of surrendering liberty.

Moreover, in the course of the past decade free men in Great Britain and the United States have found new ways to make government responsible without hamstringing its ability to act quickly and decisively when the common weal requires it. It has been found that democracy can function, without depriving the citizen of his essential liberties, most effectively through administrative rather than legislative and judicial action. The legislature became progressively unable to deal with the complicated technical issues of modern life and finally resigned itself to passing broadly phrased laws whose execution had to be left to the discretion of the administrative branch of the government, which could cope pragmatically with issues as they arose. But while the legislature surrendered many powers to the administrative offices of the government, it retained a close check through its standing and specially appointed committees as well as through its power to criticize. The administrative agencies, in turn, are ever more frequently subjected to a body of administrative law which sets limits to their discretionary powers. Naturally, they must try to interpret as broadly as possible the intent and spirit of the laws under which they operate.

Administrators, of course, like managers in private business, may overreach themselves and grasp for more power than was originally given them as necessary to fulfill their task. But administrative discretion is not, and must not be, arbitrary because it is semi-independent. On the contrary, there is good reason to believe that bureaucracy—a term which has unjustly come to connote red tape, maladministration and autocratic behavior—is often more representative of the public interest and more capable of grasping the problems of the public than are the elected representatives of the people. In the democratic state there is no cause to fear that managerial functions in the hands of a body of accountable civil servants will be abused merely because planning is directed by the government. Our experience has been that abuse of discretion is the exception rather than the rule, and that such abuses as do occur can be remedied by legislative revision or judicial review.

If the opponents of full employment fail to point out the safeguards against governmental arbitrariness that have been evolved in the Anglo-American democracies, and if they fail to distinguish democratic methods of public administration from the methods of totalitarianism, they are even more loath to mention the vast difference in the ends to which planning is directed under democracy and totalitarianism. In Nazi Germany planning was the necessary prerequisite of fascist preparation for war. In the Soviet Union it is the tool for the realization of state socialism and industrialization. The purpose of democratic planning, indeed its only purpose, is the removal of unemployment through preventing too violent fluctuations of economic activity. Planning for full employment seeks to make man, rather than an unpredictable market, the master of the people's fortune. There is nothing in this objective that is intrinsically adverse to liberty.

Unquestionably, a democratic program for full employment will affect our conditions of life, our social relations and the working of many institutions. As Sir William Beveridge, in his admirable report on *Full Employment in a Free Society* has pointed out, there are difficulties in connection with these changes, but they are worth the risk. For the alternative is unemployment and the possible loss of liberty. There is the problem of assuring a reasonable continuity of economic policy in spite of changes in government. There is the question whether under conditions of full employment a rising spiral of wages and prices can be prevented, if collective bargaining, with the right to strike, remains completely free. Free choice of occupation may make it difficult to employ all men at all times.

If man values his liberty as much as his security, the answers to these and other questions will be found in an increased sense of social responsibility, in the knowledge that the new freedoms carry with them new responsibilities. Peoples with a long democratic tradition will solve these questions without having to give up their ancient liberties which, it may be added, always carried corresponding responsibilities. Assumption of governmental office after a party's victory at the polls must be accompanied by respect for the wishes of the previous majority. Collective bargaining can be determined, through arbitration, by the public interest rather than immediate local advantages. Choice of occupation can only mean the freedom to choose among jobs. As Beveridge concludes, "The greater the sense of citizen responsibility, the greater can be the measure of liberty and the scope that is left for agencies independent of the state."

This special section is the work of a group of writers which includes Heinz Eulau, Mordecai Ezekiel, Alvin H. Hansen, James Loeb Jr. and George Soule. The individual contributors, however, do not necessarily assume responsibility for the contents of the section as a whole.—THE EDITORS

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Portrait of a Liberal

You are familiar with the man who considers himself a good citizen. He listens to the radio debates, the round tables and the forums. He faithfully tunes in on all commentators. He reads three papers daily. He loves the workingman, the underdog and the oppressed. Pegler sends him into a daily rage. He froths at Rankin, Bilbo, and Byrd.

But he doesn't scare anyone. Not the NAM, not Senator Taft of Ohio, not Joe McWilliams or Liz Dilling. He's helpless, and they know it. For—he hasn't yet learned that reaction is organized and progressives are helpless alone.

Many Progressives ARE Organized

We of the UDA know that liberalism can be more than an impotent growl behind the morning paper. We are taking direct political action to secure the passage of all international and domestic legislation that aims at lasting peace, a democratic world, and an expanding economy in America with security for all of us.

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2. Attendance at monthly meetings held in UDA cities throughout the United States. UDA speakers include: Henry A. Wallace, Eleanor Roosevelt, Senator Murray, Aubrey Williams, Philip Murray, Walter Reuther, Max Zaritsky, Henry Kaiser, Leon Henderson, Channing Tobias, Max Lerner, Frank Gervasi, Jay Allen, Quincy Howe.
3. Receipt of UDA's special pamphlets defining the liberal position and outlining a course of action on each major national and domestic issue.
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TO BUILD A BETTER WORLD TOMORROW

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HENRY A. WALLACE says: "We are drawn together because we serve the same humanitarian objectives with all the passion of our hearts."

ELEANOR ROOSEVELT says: "I find the UDA Congressional Newsletter useful."

Rep. FRANK E. HOOK says: "The UDA has certainly been doing a wonderful job here in Washington."

Rep. WRIGHT PATMAN told Congress: "The UDA has done as much as any organization in the country to develop a better understanding of the need for the Full Employment Bill and of the Bill's provisions."

DEAN ACHESON, Under Secretary of State, says: "Your pamphlet on Dumbarton Oaks seems to me an excellent and accurate presentation of the proposals in a manner which will have a great deal of popular appeal."

Senator ALBEN W. BARKLEY says: "You are doing good work in disseminating the excellent pamphlet on the Dumbarton Oaks proposals as widely as possible."

WALTER F. WANGER says: "The pamphlet is excellent and deserves wide circulation."

ANNA ARNOLD HEDGEMAN, Executive Secretary of the National Council for a Permanent FEPC, says: "When I think back on the very early days of our existence, I realize there is no adequate way in which to thank UDA for your helpful advice, your never-ending patience, and the many calls upon your time."

DAVID S. BURGESS, of the Board of Home Missions of the Congregational and Christian Churches, says: "When a cause needs national publicity or advice at strategy, the UDA has proved to be our best friend. The service of the UDA to the future home owners of southwest Missouri will be long remembered."

F. R. vonWINDEGGER, President of the Plaza Bank of St. Louis, says: "Your pamphlet will make people think and **ACT.**"

HELEN GAHAGAN DOUGLAS, Congresswoman and actress, says: "I think the UDA Congressional Newsletter is the shortest and best coverage of what's happening in Congress that is put out."

WALTER S. POLLARD, Sr., Legislative Representative, CIO, says: "The UDA Congressional Newsletter is a letter that is comprehensible to the most important people in the country—the average voters—and presents the true liberal viewpoint.

BORIS SHISHKIN, Economist for the American Federation of Labor, says: "The UDA Congressional Newsletter is democracy's antidote to the poison of 'confidential' dope sheets through which legislative pressures are aligned against the public interest by the forces of reaction and the seekers of special privilege. The Newsletter's up-to-the-minute reports are indispensable to all who have a stake in the progress of democratic legislation."

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